MT LEGISLATIVE HISTORY

Chapter 566 1977

Bill H 70 S _____ Original bill & hist. ✓ C

H. Committee on Taxation S. Committee on Taxation

Hearing Date(s)	_____	___C	Hearing Date(s)	_____	___C
	1/12	___C		_____	___C
	_____	___C		3/23	___C
	2/17	___C		_____	___C
Date Out	2/21	___C		3/25	___C

Did this bill originate in an interim committee? ___Yes ___No

Committee _____ Report _____

HB BILL NO. 70

INTRODUCED BY [illegible]

A BILL FOR AN ACT ENTITLED: "AN ACT TO CLARIFY THE PROPERTY TAX SYSTEM BY GENERALLY REVISING AND RECODIFYING SECTIONS RELATING TO PROPERTY CLASSIFICATION AND TAXATION AND BY ESTABLISHING MARKET VALUE AS THE BASIS OF TAXATION, EXCEPT FOR CERTAIN CASES, AND ADJUSTING THE TAXABLE PERCENTAGE ACCORDINGLY; AMENDING SECTIONS 11-988, 11-1011, 11-1019, 11-1301, 11-1909, 11-1919, 11-2201, 11-2205, 11-2303, 11-3921, 11-4111, 14-307, 16-502, 16-807, 16-908, 16-1152, 16-1412, 16-2010.1, 16-4020, 32-3107, 46-1914, 53-118, 53-1025, 69-3504, 69-3923, 75-7104, 75-8104, 84-101, 84-401, 84-402, 84-404, 84-406, 84-502, 84-708.1, 84-728, 84-4605, 84-4701, 84-4701.2, 84-4713, 84-5103, 84-5211, 84-5214, 84-5216, 84-5406, 84-6008, 84-6102, 84-6103, 84-6205, 84-6407, 84-7403, 84-7513, AND 89-3403, R.C.M. 1947; AND REPEALING SECTIONS 69-3923, 84-301, 84-302, 84-304, 84-305, 84-307, AND 84-308, R.C.M. 1947."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. There is a new R.C.M. section numbered 84-301.1 that reads as follows:

84-301.1. Classification of taxable property. For the purpose of taxation, the taxable property in the state shall be classified in accordance with 84-301.2 through 84-301.15.

Section 2. There is a new R.C.M. section numbered 84-301.2 that reads as follows:

84-301.2. Class one property -- description -- taxable percentage. (1) Class one property includes the right of entry which is a property right reserved in land or received by mesne conveyance (exclusive of leasehold interests), devise, or succession to enter land whose surface title is held by another to explore, prospect, or dig for oil, gas, coal, or minerals. The market value of the right of entry is determined by the department of revenue.

(2) Class one property is taxed at 100% of its market value.

Section 3. There is a new R.C.M. section numbered 84-301.3 that reads as follows:

84-301.3. Class two property -- description -- taxable percentage. (1) Class two property includes:

(a) all agricultural and other tools, implements, and machinery;

(b) gas and other engines and boilers and threshing machines and outfits used therewith;

(c) automobiles, motor trucks, and other power-driven cars and vehicles of all kinds except mobile homes;

(d) boats and all watercraft;

(e) harness, saddlery, and robes;

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(f) all property, except that included in class five, 84-301.6, used and owned by persons, firms, corporations, or other organizations that are engaged in the business of furnishing telephone communications exclusively to rural areas or to rural areas and cities and towns of 800 persons or less. The average circuit miles for each station on the telephone communications system must be more than 1 1/4 miles to qualify for this classification.

(2) Class two property is taxed at 13% of its market value.

Section 4. There is a new R.C.M. section numbered 84-301.4 that reads as follows:

84-301.4. Class three property -- description -- percentage. (1) Class three property includes:

(a) livestock, poultry, and unprocessed products of both;

(b) furniture and fixtures used in commercial, office, and hotel activities, except improvements included in class nine.

(2) Class three property is taxed at 13% of its market value.

Section 5. There is a new R.C.M. section numbered 84-301.5 that reads as follows:

84-301.5. Class four property -- description -- taxable percentage. (1) Class four property includes:

(a) all land, except agricultural land meeting the qualifications of 84-437.2;

(b) all improvements, except those included in class five, eight, or nine;

(c) all trailers affixed to land owned, leased, or under contract for purchase by the trailer owner;

(d) all mobile homes, except:

(i) those held by a distributor or dealer of mobile homes as part of his stock in trade; and

(ii) those included in class eight;

(e) manufacturing and mining machinery, fixtures, and supplies, except those included in class five, seven, or eight.

(2) Class four property is taxed at 12% of its market value.

Section 6. There is a new R.C.M. section numbered 84-301.6 that reads as follows:

84-301.6. Class five property -- description -- taxable percentage. (1) Class five property includes:

(a) all property used and owned by cooperative rural electrical and cooperative rural telephone associations as provided in (2)(a) of this section;

(b) all unprocessed agricultural products on the farm or in storage, except:

(i) all perishable fruits and vegetables in farm

storage and owned by the producer; and

(ii) livestock and poultry and the unprocessed products of both;

(c) a dwelling house and the lot on which it is erected, owned and occupied by a disabled veteran under the condition specified in (2)(b) of this section.

(2) (a) The property of all cooperative rural electrical and cooperative rural telephone associations organized under the laws of Montana is included in this class; except that when less than 95% of the electricity consumers or telephone users within the incorporated limits of a city or town are served by the cooperative organization, the property is included in class two.

(b) To be included in this class, a dwelling house and lot on which it is erected must be owned and occupied by a resident of the state:

(i) who has been honorably discharged from active service in any branch of the armed services; and

(ii) who is rated 100% disabled due to a service-connected disability by the United States veterans administration or its successor. In the event of the veteran's death, the dwelling house and the lot on which it is erected shall remain in this class as long as the surviving spouse remains unmarried and the owner and occupant of the property.

(3) Class five property is taxed at 4.2% of its market value.

Section 7. There is a new R.C.M. section numbered 84-301.7 that reads as follows:

84-301.7. Class six property -- description -- taxable percentage. (1) Class six property includes moneyed capital and shares of banks.

(2) Moneyed capital is defined as moneys, bonds, notes, and other evidence of indebtedness, including evidence of indebtedness secured by mortgage on real or personal property, in the hands of individual citizens and corporations in competition with the business of national banks or employed in conducting a banking or investment business.

(3) In ascertaining the value of moneyed capital for taxation, any deposits and any indebtedness borrowed for use as moneyed capital are deducted from the amount of bonds, notes, and other evidence of indebtedness.

(4) In ascertaining the value of the shares of a national bank for taxation, the book value of all real estate owned by a bank is deducted from the value of the shares and assessed to the bank separately. The shares of banking corporations engaged in the banking business in Montana are assessed at 100% of book value, less the book value of the real estate, moneyed capital, and other

property of the bank that is assessed and taxed as the property of the bank.

(5) Class six property is taxed at 30% of its book value, with the exception of the surplus shown on the bank's books. The surplus, to the amount of the stated capital of the bank, is taxed at 7% of its book value. The amount of surplus in excess of the stated capital is taxed at 30%.

Section 8. There is a new R.C.M. section numbered 84-301.8 that reads as follows:

84-301.8. Class seven property -- description -- taxable percentage. (1) Class seven property includes:

(a) business inventories as defined in this section;

(b) air pollution control equipment as defined in this section;

(c) all new industrial property as defined in this section;

(d) a capital investment in a recognized nonfossil form of energy generation, to the extent provided under 84-7403.

(2) "Business inventories" includes goods intended for sale or lease in the ordinary course of business and raw materials and work in progress with respect to such goods. Business inventories shall not include goods leased or rented or mobile homes held by a dealer or distributor as part of his stock in trade.

(3) "Air pollution control equipment" means facilities, machinery, or equipment, attached or unattached to real property, utilized to reduce, eliminate, control, or prevent air pollution. The department of health and environmental sciences shall determine if such utilization is being made.

(4) (a) "New industrial property" means any new industrial plant, including land, buildings, machinery, and fixtures, which is used by a new industry during the first 3 years of its operation. The property must not have been assessed prior to July 1, 1961, within the state of Montana.

(b) New industrial property is limited to industries that:

(i) manufacture, mill, mine, produce, process, or fabricate materials;

(ii) do similar work, employing capital and labor, in which materials unserviceable in their natural state are extracted, processed, or made fit for use or are substantially altered or treated so as to create commercial products or materials; or

(iii) engage in the mechanical or chemical transformation of materials or substances into new products in the manner defined as manufacturing in the 1972 Standard Industrial Classification Manual prepared by the United States office of management and budget.

(c) New industrial property shall in no event include:

(i) property used by retail or wholesale merchants, commercial services of any type, agriculture, trades, or professions;

(ii) a plant that will create adverse impact on existing state, county, or municipal services;

(iii) property used or employed in any industrial plant that has been in operation in this state for 3 years or longer.

(5) "New industry" means any person, corporation, firm, partnership, association, or other group that establishes a new plant or plants in Montana for the operation of a new industrial endeavor, as distinguished from a mere expansion, reorganization, or merger of an existing industry or industries.

(6) The department of revenue shall promulgate rules for the determination of what constitutes an adverse impact, taking into consideration the number of people to be employed and the size of the community in which the location is contemplated. Any person, corporation, firm, partnership, association, or other group seeking to qualify its property for inclusion in this class shall make application to the department of revenue in such a manner and form as the department requires. Once the department has made an initial determination that the industrial facility qualifies as new

industrial property, the department shall then, upon proper notice, hold a hearing to determine if the new industrial classification should be retained by the property. The local taxing authority may appear at the hearing and may waive its objection to retention of this classification if the industry agrees to the prepayment of taxes sufficient to satisfy tax requirements created by the location and construction of the facility during the construction period. When a prepayment of taxes is required, the maximum amount of prepayment shall be the amount of tax the industry would have paid without the application of the class seven percentage to such property.

(7) If a major new industrial facility qualifies under class seven, the reduction of its yearly payment of property taxes for reimbursement of its prepaid taxes as provided for in 84-41-105 does not begin until the class seven qualification expires.

(8) Class seven property shall be taxed at 4.2% of its market value.

Section 9. There is a new R.C.M. section numbered 84-301.9 that reads as follows:

84-301.9. Class eight property -- description -- taxable percentage. (1) Class eight property includes:

(a) a capital investment in a building for an energy conservation purpose, to the extent provided under 84-7403;

(b) any improvement on real property, a trailer affixed to land, or a mobile home and appurtenant land not exceeding 5 acres, which together meet the following conditions:

(i) have a market value of not more than $27,500;

(ii) are owned or under contract for deed and are actually occupied for at least 10 months per year as the primary residential dwelling of:

(A) a widow or widower 62 years of age or older who qualifies under the income limitations of (C) of this section;

(B) a widow or widower of any age with dependent children who qualifies under the income limitations of (C) of this section; or

(C) a recipient or recipients of retirement or disability benefits whose total income from all sources is not more than $6,000 a year for a single person or $6,800 a year for a married couple.

(2) (a) A person applying for classification of property under this class must make an affidavit to the department of revenue on a form provided by the department without cost as to:

(i) his income, if applicable;

(ii) his retirement benefits, if applicable;

(iii) his marital status, if applicable; and

(iv) the fact that he maintains the land and improvements as his primary residential dwelling.

(b) The county welfare board may investigate the applicant as to the answers given on the form. For the purpose of the affidavit required for classification of property under this class, it shall be sufficient if the applicant signs a statement swearing to or affirming the correctness of the information supplied, whether or not the statement is signed before a person authorized to administer oaths, and mails the application and statement to the department of revenue. This signed statement shall be treated as a statement under oath or equivalent affirmation for the purposes of 94-7-203, relating to the criminal offense of false swearing.

(c) The assessed value of the property may not be increased during the life of the recipient of retirement benefits or widow or widower covered under this class, unless the owner-resident makes a substantial improvement in the dwelling.

(3) Class eight property is taxed at 6% of its market value.

Section 10. There is a new R.C.M. section numbered 84-301.10 that reads as follows:

84-301.10. Class nine property -- description -- taxable percentage. (1) Class nine property includes the

incremental increase in the value of real estate produced by repairing, maintaining, or improving existing improvements.

(2) Class nine property is taxed at:

(a) 2.4% of the market value for the first full year following completion of the repair, maintenance, or improving of existing improvements;

(b) 4.8% of the market value for the second full year following completion of the repair, maintenance, or improving of existing improvements;

(c) 7.2% of the market value for the third full year following completion of the repair, maintenance, or improving of existing improvements;

(d) 9.6% of the market value for the fourth full year following completion of the repair, maintenance, or improving of existing improvements; and

(e) 12% of the market value for the fifth full year and every year thereafter following completion of the repair, maintenance, or improving of existing improvements.

Section 11. There is a new R.C.M. section numbered 84-301.11 that reads as follows:

84-301.11. Class ten property -- description -- taxable percentage. (1) Class ten property includes:

(a) centrally assessed utility allocations after deductions of locally assessed properties, except as provided in:

(i) class two for rural telephones; and

(ii) class five for cooperatives;

(b) all other property not included in the nine preceding classes.

(2) Class ten property is taxed at 16% of its market value.

Section 12. There is a new R.C.M. section numbered 84-301.12 that reads as follows:

84-301.12. Class eleven property -- description -- taxable percentage. (1) Class eleven property includes the annual net proceeds of all mines and mining claims, except coal mines.

(2) Class eleven property is taxed at 100% of its annual net proceeds after deducting the expenses specified and allowed by 84-5403.

Section 13. There is a new R.C.M. section numbered 84-301.13 that reads as follows:

84-301.13. Class twelve property -- description -- taxable percentage. (1) Class twelve property includes the annual gross proceeds of underground coal mines.

(2) Class twelve property is taxed at 33 1/3% of the annual gross proceeds.

Section 14. There is a new R.C.M. section numbered 84-301.14 that reads as follows:

84-301.14. Class thirteen property -- description --

taxable percentage. (1) Class thirteen property includes the annual gross proceeds of coal mines using the strip-mining method.

(2) Class thirteen property is taxed at 45% of the annual gross proceeds.

Section 15. There is a new R.C.M. section numbered 84-301.15 that reads as follows:

84-301.15. Class fourteen property — description — taxable percentage. (1) Class fourteen property includes agricultural land, as defined in 84-437.2.

(2) Class fourteen property is taxed at 12% of its assessed value.

Section 16. Section 84-401, R.C.M. 1947, is amended to read as follows:

"84-401. ~~Property assessed at forty percent (40%) of its full cash value -- exceptions~~ Assessments, definitions, and exceptions. (1) All taxable ~~real~~ property ~~and improvements~~ must be assessed at ~~forty percent (40%)~~ 100% of its ~~full cash~~ market value except as provided in subsection (5) of this section.

(2) Market value is the value at which property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of relevant facts.

(3) The department of revenue or its agents may not

adopt a lower or different standard of value from market value in making the official assessment and appraisal of the value of property in classes one through ten, with the exception of class six. For purposes of taxation, assessed value is the same as appraised value.

(4) The taxable value for all property in classes one through ten, with the exception of class six, is the percentage of market value established for each class of property in 84-301.2 through 84-301.11, excluding 84-301.7.

(5) The assessed value of properties in 84-301.7 and 84-301.12 through 84-301.15 is as follows:

(a) Property in 84-301.7, under class six, is assessed at 100% of book value, by the method established in 84-301.7, 84-4608, and 84-4605.

~~(1)~~(b) Properties in ~~section 84-301~~ 84-301.12, under ~~Class One~~ class eleven, ~~shall be~~ are assessed at ~~one hundred percent (100%) of full cash value~~ of the annual net proceeds after deducting the expenses specified and allowed by 84-5403.

(c) Properties in 84-301.13 and 84-301.14, under classes twelve and thirteen, are assessed at 100% of the annual gross proceeds.

~~(3)~~(d) ~~The assessment of agricultural lands shall be based upon~~ Properties in 84-301.15, under class fourteen, are assessed at 100% of the productive capacity of the lands

when valued for agricultural purposes. All lands that meet the qualifications of 84-437.2 ~~shall be~~ are valued as agricultural lands for tax purposes ~~that meet the qualifications of section 84-437.2, R.C.M. 1947~~.

(6) Land and the improvements thereon ~~shall be~~ are separately assessed when any of the following conditions occur:

(a) ~~when~~ ownership of the improvements is different from ownership of the land~~;~~;

(b) ~~when requested in writing by the taxpayer,~~ the taxpayer makes a written request; or

(c) ~~when~~ the land is outside an incorporated city or town.

(7) The taxable value of all property ~~shall be determined by sections 84-301 and 84-308~~ in classes eleven through fourteen is the percentage of assessed value established in 84-301.12 through 84-301.15 for each class of property."

Section 17. Section 11-988, R.C.M. 1947, is amended to read as follows:

"11-988. Power of cities and towns to acquire natural gas and distributing system ~~therefor~~. The city or town council has power to contract an indebtedness of a city or town upon the credit thereof by borrowing money or issuing bonds for the construction, purchase, or development of an

adequate supply of natural gas, and to construct or purchase a system of gas lines for the distribution thereof to the inhabitants of ~~said~~ the city or town or vicinity~~;~~, ~~provided, that the~~ The total amount of indebtedness authorized to be contracted in any form, including the then-existing indebtedness, must not at any time exceed ~~three per centum (3%)~~ 11% of the total ~~assessed valuation~~ taxable value of the ~~taxable~~ property of the city or town subject to taxation as ascertained by the last assessment for state and county taxes~~;~~, ~~and provided further, that no~~ No money ~~must~~ may be borrowed or bonds issued for the purposes ~~herein~~ specified in this section until the proposition has been submitted to the vote of the taxpayers ~~affected thereby~~ of the city or town, affected thereby and the majority vote cast in its favor ~~thereof~~."

Section 18. Section 11-1011, R.C.M. 1947, is amended to read as follows:

"11-1011. Tax levy for band concerts. For the purpose of providing band concerts ~~as in this act provided~~, the council or other governing body in any town or city of the first, second, or third class, or of any incorporated town, may assess and levy, in addition to the levy for general municipal or administrative purposes, an amount not ~~exceeding~~ to exceed ~~one~~ 1 mill on the dollar on the ~~assessed~~ taxable value of the ~~taxable~~ property of the ~~said~~ city or

town subject to taxation."

Section 19. Section 11-1019, R.C.M. 1947, is amended to read as follows:

"11-1019. Operation of bus lines — contracting indebtedness. Whenever a city or town is not being served by a bus company or operator, operating on a regular schedule, and under the jurisdiction of the public service commission or if such service ~~is to be or~~ is likely to be discontinued in the immediate future, the city or town council of any incorporated city or town ~~shall have the power to~~ may contract an indebtedness of any such city or town upon the credit thereof by borrowing money or issuing bonds for the purchase, development, operation, or leasing of motor buses and bus lines for the transportation of passengers within the corporate limits of such cities and towns, and to operate the same to any point or points beyond ~~said~~ these limits not to exceed ~~eight (8)~~ miles, measured along the route of ~~said~~ the bus line~~,~~ ~~provided that the~~ The total amount of indebtedness authorized to be contracted in any form, including the then-existing indebtedness, ~~must~~ may not at any time exceed ~~five per centum (5%)~~ 18% of the total ~~assessed valuation~~ taxable value of the ~~taxable~~ property of the city or town subject to taxation as ascertained by the last assessment for state and county taxes~~,~~ ~~and provided further, that no~~ No money ~~must~~ may be borrowed or bonds

issued for the purposes ~~herein~~ specified in this section until the proposition has been submitted to the vote of the taxpayers ~~affected thereby~~ of the city or town, and the majority vote cast in its favor ~~thereof~~."

Section 20. Section 11-1301, R.C.M. 1947, is amended to read as follows:

"11-1301. Presentation of claims — limitation of actions. All accounts and demands against a city or town must be presented to the council duly itemized. All claims against a city or town shall contain the following statement: "I certify that this claim is correct and just in all respects, and that payment or credit has not been received." Claims need not be accompanied by affidavit by the party or his agent. These claims must be presented with all necessary and proper vouchers, within ~~one (1)~~ year from the date the same accrued~~,~~ ~~and any~~ Any claim or demand not so presented within ~~the~~ this time ~~aforesaid~~ is forever barred, and the council has no authority to allow any account or demand not so presented~~,~~ ~~nor must any~~ No action may be maintained against the city or town for or on account of any demand or claim against the ~~same~~, city or town until such demand or claim has first been presented to the council, ~~for action thereon; provided, however, that in~~ In case the total indebtedness of a city or town has reached ~~three per centum (3%)~~ 11% of the total ~~assessed valuation~~

taxable value of the ~~taxable~~ property of ~~such~~ the city or town, subject to taxation as ascertained by the last assessment for state and county taxes, ~~it shall be lawful for, and such~~ the city or town ~~is hereby authorized and empowered, to~~ may conduct its affairs and business on a cash basis as provided ~~and contemplated~~ by ~~the next section of this code~~ 11-1302."

Section 21. Section 11-1909, R.C.M. 1947, is amended to read as follows:

"11-1909. Levy of tax for volunteer fire departments. For the purpose of supporting volunteer fire departments in any city or town which does not have a paid fire department, and for the purpose of purchasing the necessary equipment ~~therefor~~ for them, the council in any city or town, may ~~assess and~~ levy, in addition to other levies permitted by law, a special tax not exceeding ~~two (2)~~ mills on each dollar of the ~~assessed valuation~~ taxable value of the ~~taxable~~ property of the city or town ~~and, provided, further, that the words "assessed valuation" as used in this section shall be the percentage of the true and full valuation of the taxable property provided in section 84-302 and shall not be deemed to be the true and full valuation of such property~~ subject to taxation."

Section 22. Section 11-1919, R.C.M. 1947, is amended to read as follows:

"11-1919. State auditor to pay fire department relief association out of premium taxes collected from insurance companies. (1) At the end of the fiscal year, the state auditor shall issue and deliver to the treasurer of every city or town of the first and second class, for the use and benefit of the fire department relief association legally existing in ~~every such~~ the city or town, ~~entitled by law to receive the same, out of the premium taxes on insurance risks enumerated in subsection (6) collected by him,~~ an amount equal to ~~ten per centum (10%)~~ of the total annual compensation paid by such city or town to its paid or part-paid firemen for services in the previous calendar year. This amount is paid out of the premium taxes on insurance risks enumerated in subsection (6) and collected by the state auditor. The city clerk of each such city or town shall certify in writing to the state auditor, on or before April 1 of each year, the amount ~~so~~ paid by ~~such~~ the city or town as compensation for services to paid or part-paid firemen.

(2) ~~In the event of a disaster resulting in the death or injury sufficient to draw pension of ten percent (10%) of the active force~~ When 10% of the active force, due to a disaster, suffers injury or death sufficient to draw pension and ~~when~~ the fund of ~~such~~ the fire department relief association after receiving all moneys as designated in

~~section~~ 11-1911 and ~~section~~ 11-1912 and the ~~ten percent (10%)~~ of annual compensation as designated in this chapter does not show at least the ~~one (1)~~ mill growth as referred to in ~~section~~ 11-1912, then the treasurer of such relief association shall request and the state auditor shall issue and deliver to the treasurer of every city or town of the first and second class, for the use and benefit of the fire department relief association legally existing in ~~every~~ the city or town entitled to receive the same, ~~out of the premium tax collected by him,~~ an additional amount to show at least the ~~one (1)~~ mill growth referred to in ~~section~~ 11-1912. This amount is paid out of the premium tax collected by the state auditor.

(3) In the event a city of the first or second class is not entitled to receive a sum equal to ~~forty five one hundredths (45/100)~~ 1 1/2 mills of its total ~~assessed valuation~~ taxable value under the foregoing method of computation, then, ~~in that event,~~ the fire department relief association of that city shall receive its money in the same manner as provided below for cities of the third class.

(4) At the end of the fiscal year, the state auditor shall issue and deliver to the treasurer of every city or town, except cities or towns of the first or second class, for the use and benefit of the fire department relief association legally existing in every such city or town

entitled by law to receive the same, his warrant for an amount equal to ~~forty five one hundredths (45/100)~~ 1 1/2 mills of the total ~~assessed valuation~~ taxable value of the city or town. This amount is to be paid from premium taxes, after deducting cancellations and return premiums, collected by the state auditor, ~~ex officio insurance commissioner,~~ from insurers authorized to effect insurance on risks enumerated in subsection (6) of this section, ~~as said~~ to which the cities or towns are each severally entitled ~~to~~.

(5) ~~The legally organized and existing fire department relief associations is~~ In all cities or towns where the taxes on premiums collected and distributed pursuant to subsection (4) above ~~is~~ are insufficient to make an amount equal to ~~one hundred dollars ($100)~~, the fire department relief association shall receive ~~such~~ an additional amount from the total taxes on premiums collected from insurers ~~authorized to effect insurance against~~ of the risks enumerated in subsection (6) of this section as may be necessary to make the total amount received by ~~said~~ the fire department relief association equal to ~~the sum of one hundred dollars ($100)~~.

(6) The risks referred to in subsection (4) above, are ~~enumerated as follows~~:

(a) ~~Insurance~~ insurance of ~~houses, buildings, and~~ all ~~other kinds of~~ property and goods against loss or damage by

fire or other casualty~~;~~ ~~and all kinds of insurance on goods, merchandise, or other property in the course of transportation, whether on land or water or air~~;

~~(~~b~~)~~ insurance against loss or damage to motor vehicles resulting from accident, collision, or marine and inland navigation and transportation perils;

~~(~~c~~)~~ insurance of growing crops against loss or damage resulting from hail or the elements;

~~(~~d~~)~~ insurance against loss or damage by water to any goods or premises arising from the breakage or leakage of sprinklers, pumps, or other apparatus;

~~(~~e~~)~~ ~~and~~ insurance against loss or legal liability for loss ~~because of damage to property~~ caused by ~~the use of~~ teams or vehicles~~;~~ ~~and whether by accident or collision or by explosion of any engine or tank or boiler or pipe or tire of any vehicle, and also including~~

~~(~~f~~)~~ insurance against theft of the whole or any part of any vehicle."

Section 23. Section 11-2201, R.C.M. 1947, is amended to read as follows:

"11-2201. Special improvements -- powers of city council. ~~(~~1~~)~~ All streets, alleys, places, or courts in the municipalities of this state, now open or dedicated~~,~~ or which may hereafter be opened or dedicated to public use, ~~shall be deemed and held to be~~ are open public streets,

alleys, places, or courts~~,~~ for the purposes of this chapter, and the city council of each municipality ~~is hereby empowered to~~ may establish and change the grades of ~~said~~ the streets, alleys, places, or courts~~,~~ and fix the width thereof~~,~~ and ~~is hereby invested with jurisdiction to~~ may acquire private property for ~~right of way~~, right-of-way and ~~to~~ order to be done any of the work mentioned in this chapter under the proceedings hereinafter described.

~~Further, that in addition to the powers heretofore granted, when~~ (2) When the public interest or convenience requires, the governing body of a municipality may:

~~(1)~~ (a) ~~Establish~~ establish pedestrian malls~~;~~

~~(2)~~ (b) ~~Prohibit~~ prohibit, in whole or in part, vehicular traffic on a pedestrian mall~~;~~

~~(3)~~ (c) ~~Pay~~ pay, from general funds of the municipality or other available moneys or from the proceeds of assessments levied on lands benefited by the establishment of a pedestrian mall, the damages, if any, allowed or awarded to any property owner by reason of the establishment of a pedestrian mall~~,~~ ~~provided that the~~ The resolution of intention ~~contains~~ must contain a statement that an assessment will be levied to pay the whole or a stated portion of such damages, if any, allowed or awarded to any property owner by reason of the establishment of such pedestrian mall~~;~~

~~(4)~~ (d) ~~Construct~~ construct improvements on public streets ~~which~~ that have been or will be established as a pedestrian mall, ~~improvements of any kind or nature necessary or convenient to the operation of such streets as a pedestrian mall,~~ including but not limited to paving, sidewalks, curbs, sewers, covered walkways or areas, air conditioning, drainage works, street lighting facilities, fire protection facilities, flood protection facilities, water distribution facilities, vehicular parking areas, retaining walls, landscaping, tree planting, statuary, fountains, decorative structures, benches, rest rooms, child care facilities, display facilities, information booths, public assembly facilities, and other structures, works, or improvements necessary or convenient to serve members of the public using such pedestrian mall, including the reconstruction or relocation of existing municipally owned works, improvements, or facilities on such streets. ~~Such~~ The improvements or structures may be attached to abutting private buildings or structures, provided that ~~such~~ the improvements or structures ~~shall be~~ are located on public property.

~~(5)~~ (3) ~~It is further provided that in addition to the purposes for which an improvement district may be formed, as heretofore set forth, an~~ An improvement district may also be formed for the sole purpose of ~~the operation, maintenance, repair and improvement of~~ operating, maintaining, repairing, and improving pedestrian malls, off-street parking facilities, and parkings and parkways.

~~(5)~~ (4) Subject to the powers granted and the limitations contained in this section, the powers and duties of the municipality and the procedure to be followed ~~shall be~~ are as provided in this ~~article~~ chapter for other types of special improvement districts.

~~(6)~~ (5) If a petition for the formation of an improvement district under the provisions of this section is presented to the governing body purporting to be signed by all of the real property owners in the proposed district, exclusive of mortgagees and other lien holders, the governing body, after verifying such ownership and making a finding of ~~such~~ the fact, shall adopt a resolution of intention to order the improvement ~~pursuant to the provisions of section~~ as provided in 11-2204, and shall have immediate jurisdiction to adopt the resolution ordering the improvement pursuant to the following provisions, without the necessity of the publication and posting of the resolution of intention provided for in ~~section~~ 11-2204.

~~(7)~~ (6) The governing body shall make annual statements and estimates of the expenses of the district, which shall be provided for by the levy and collection of ad valorem taxes upon the ~~assessed~~ taxable value of all the real and

personal property in the district, shall publish notice thereof, and shall have hearings ~~thereon~~ on the statements and estimates and adopt them ~~at the times and in the manner~~ as provided for incorporated cities and towns by ~~the applicable portions of sections~~ 11-2204 and 11-2206. The governing body, on or before the second Monday in August of each year, shall fix, levy, and assess the amount to be raised by ad valorem taxes upon all of the property of the district. All statutes providing for the levy and collection of state and county taxes, including the collection of delinquent taxes and sale of property for nonpayment of taxes, shall be applicable to the district taxes provided for under this section.

~~(c)~~ (7) An improvement district formed for the purposes of establishing a pedestrian mall or off-street parking may be financed in accordance with the provisions of ~~section 11-2214, R.C.M. 1947,~~ and/~~or~~ in accordance with the methods of financing set forth for the construction of water or sewer systems as set forth in ~~section~~ 11-2218, ~~R.C.M. 1947~~.

~~(5)~~ (8) ~~Create~~ The governing body may create special lighting districts on any street or streets or public highway ~~therein or portions thereof~~ for the purposes of lighting ~~such street or streets or public highway and is hereby empowered to~~ them and assess ~~such~~ the costs for

installation and maintenance to property abutting thereto and ~~to~~ collect ~~such~~ the costs by special assessment against ~~said~~ the property.

(9) Further, ~~that in addition to the powers heretofore granted,~~ the city or town council ~~is empowered to~~ may make assessments in the manner provided in ~~section~~ 11-2245 ~~hereafter~~ on property abutting ~~said~~ the street or highway and lying outside the boundaries of ~~said~~ the city or town, ~~so~~ as long as that portion of the street or public highway to be lighted is adjacent to the boundary line of ~~said~~ the city or town, ~~or~~ lies partially within ~~said~~ the city or town, or extends from one point within ~~said~~ the city or town to another point within ~~said~~ the city or town."

Section 24. Section 11-2205, R.C.M. 1947, is amended to read as follows:

"11-2205. Assessment of extended district including lots not fronting on improvement. Whenever the contemplated work of improvement, in the opinion of the city council, is of more than local or ordinary public benefit, or whenever, according to estimates furnished by the city engineer, the total estimated costs and expenses thereof would exceed ~~one-half~~ 1/5 of the total ~~assessed~~ taxable value of the lots and lands ~~assessed, if assessed upon the lots or lands~~ fronting upon said proposed work or improvement, according to the valuation fixed by the last assessment roll, whereon

~~it was assessed for taxes for municipal purposes,~~ the city council may ~~make~~ charge the expenses of ~~such~~ the work or improvement ~~chargeable upon~~ to an extended district ~~and which~~ that may include other lots not fronting on the improvement, and which the ~~said~~ city council ~~shall,~~ in its resolution of intention, ~~declare~~ declares to be the district benefited by ~~said~~ the work or improvements ~~and to be assessed to pay the costs and expenses thereof.~~"

Section 25. Section 11-2303, R.C.M. 1947, is amended to read as follows:

"11-2303. Limitation on amount of indebtedness. No city or town ~~shall~~ may issue bonds for any purpose in an amount which, with all outstanding and unpaid indebtedness, will exceed ~~five per centum (5%)~~ 18% of the ~~assessed~~ taxable value of the ~~taxable~~ property therein subject to taxation, to be ascertained by the last assessment for state and county taxes~~;~~, ~~provided, however, that for~~ For the purpose of constructing a sewerage system, ~~or~~ procuring a water supply, or constructing or acquiring a water system for a city or town, which shall own and control ~~such~~ the water supply and water system and devote the revenues therefrom to the payment of the debt, a city or town may incur an additional indebtedness by borrowing money or issuing bonds. The additional total indebtedness ~~which~~ that may be incurred by borrowing money or issuing bonds for the construction of

a sewerage system, ~~or~~ for the procurement of a water supply, or for both such purposes, including all indebtedness theretofore contracted, which is unpaid or outstanding, ~~shall~~ may not in the aggregate exceed ~~ten per centum (10%)~~ over and above the ~~five per centum (5%)~~ 18% heretofore referred to, of the total taxable value of the ~~taxable~~ property therein subject to taxation as ascertained by the last assessment for state and county taxes. The issuing of bonds for the purpose of funding or refunding outstanding warrants or bonds ~~shall~~ is not ~~be deemed~~ the incurring of a new or additional indebtedness, but ~~shall be deemed~~ is merely the changing of the evidence of outstanding indebtedness."

Section 26. Section 11-3921, R.C.M. 1947, is amended to read as follows:

"11-3921. Allocation of taxes. (1) Any urban renewal plan, as defined in ~~section~~ 11-3901, may contain a provision or be amended to contain a provision providing that taxes levied on taxable property in an urban renewal area each year by or for the benefit of the state, any city, county, or other political subdivisions for which taxes are levied, ~~(hereafter referred to as taxing bodies)~~ shall be allocated, after the effective date of such provision as provided in subsections (3) and (4) of this section.

(2) For the purposes of this section:

(a) "prior ~~assessed~~ taxable value" means the ~~assessed~~ taxable value of the ~~taxable~~ property in the urban renewal area subject to taxation as shown on the assessment roll last equalized prior to the effective date of the urban renewal plan~~,~~ ~~notwithstanding~~ Notwithstanding the provisions of this act, any increase resulting from a comprehensive revaluation of all property within the county may be applied to the property for the purpose of determining the "prior ~~assessed~~ taxable value"~~,~~.

(b) the word "taxes" includes~~,~~ but is not limited to~~,~~ all levies on an ad valorem basis upon land or real property~~,~~;

(c) "taxing body" is any city, county, or other political subdivision for which taxes are levied.

(3) The portion of taxes produced by levies ~~for a taxing body~~ upon the total sum of the prior ~~assessed~~ taxable value of the ~~taxable~~ property in the urban renewal area subject to taxation shall be allocated and paid into the funds of the taxing body like taxes paid by or for the taxing body on all other property. For the purpose of allocating taxes levied by a taxing body that did not include the urban renewal area on the effective date of the provision allocating the taxes but to which the urban renewal area has since been annexed or otherwise included, the assessment roll of the county last equalized prior to

the effective date of the provision shall be used in determining the prior ~~assessed~~ taxable value.

(4) The portion of taxes levied by ~~such~~ the taxing body each year in excess of the amount levied under subsection (3) shall be paid by the county treasurer into a special fund held by the city treasurer to pay the principal and interest on bonds issued under authority of ~~section~~ 11-3910, except that taxes for the payment of all bonds and interest of each taxing body must be levied against all taxable property within the taxing body without limitation by the provisions of this subsection. Until the actual ~~assessed valuation~~ taxable value of all property in the urban renewal area exceeds the prior ~~assessed~~ taxable value of all taxable property within such area, the actual ~~assessed~~ taxable value of all property shall be used for taxation purposes.

(5) The portion of taxes allocated in subsection (4) above~~,~~ and the special fund into which they are paid~~,~~ may be pledged by a municipality for the payment of the principal and interest on bonds issued under the authority of ~~section~~ 11-3910~~,~~ or bonded indebtedness~~,~~ incurred by a municipality to refinance in whole or in part~~,~~ the urban renewal project. Prior to the sale of any bonds, there shall be ~~(a)~~ an election under ~~sections~~ 11-2308 and 11-2309 approving such sale~~,~~ or ~~(b)~~ a petition for the sale signed by the owners of

record of at least ~~fifty one percent (51%)~~ of the land within the urban renewal district.

(6) After all bonds and interest have been paid, all ~~monies~~ moneys received from taxes upon property within the urban renewal area shall be allocated as taxes on all other property."

Section 27. Section 11-4111, R.C.M. 1947, is amended to read as follows:

"11-4111. Levy authorized -- uses -- restrictions. (1) Upon an affirmative vote of a majority of the qualified voters voting in a city, county, or town on the question of whether the governing body may levy a tax for economic development, the governing body of that city, county, or town is authorized to levy in any one election up to ~~one (1)~~ mill upon the ~~assessed~~ taxable value of all the ~~taxable~~ property in the county, city, or town subject to taxation for the purpose of economic development, for a period not to exceed ~~five (5)~~ years~~, by any one election~~.

(2) Funds derived from this levy may be used for purchasing land for industrial parks, constructing buildings to house manufacturing and processing operations, conducting preliminary feasibility studies, promoting economic development opportunities in a particular area, and other activities generally associated with economic development. These funds may not be used to directly assist an industry's

operations by loan or grant ~~nor~~ or to pay the salary or salary supplements of government employees.

(3) The governing body of the county, city, or town may use the funds derived from this levy to contract with local development companies, and other associations or organizations capable of implementing the economic development function."

Section 28. Section 14-307, R.C.M. 1947, is amended to read as follows:

"14-307. Lien of corporate indebtedness upon membership lands. ~~From and after~~ After the date of the inclusion of any land or property as a member ~~thereof~~ in any corporation, or district, organized under the provisions ~~hereof~~ of this section, all mortgage or bonded indebtedness ~~thereafter~~ created by such corporation, or district, ~~shall be deemed~~ is a first lien upon ~~such~~ the membership lands, to ~~the~~ an extent ~~of~~ not to exceed ~~five per cent~~ 18% of the ~~assessed valuation~~ taxable value thereof if the ~~same shall be~~ land is grazing or agricultural, and not to exceed ~~ten per cent~~ 36% of the ~~assessed valuation~~ taxable value thereof if the ~~same shall be~~ land is horticultural or vegetable-producing ~~lands~~. The recording of the copy of the articles of incorporation, or petition to become a member of such corporation, or district, ~~shall be~~ is notice to all subsequent lien claimants that ~~such~~ the lands are subject to

a first lien, ~~of not to exceed the amount specified herein; provided,~~ However, nothing ~~herein shall~~ in this section may be construed as placing a limit upon the indebtedness that may be made a lien against any of the corporate or property assets of the corporation, or district, as distinguished from membership lands individually owned, ~~and included therein for the purposes hereof.~~"

Section 29. Section 16-502, R.C.M. 1947, is amended to read as follows:

"16-502. Basis of taxation upon creation of new county -- terms used in law defined. For the purposes of this act, the assessed valuation of all property, whether included within the boundaries of a proposed new county, or remaining within the boundaries of any existing county or counties from which territory is taken, shall be fixed and determined on the same basis as is used for the imposition of taxes in the state of Montana, ~~to wit: By taking that percentage of the true and full value of all taxable property in any county specified by section 84-302.~~

~~Whenever in this act the term "assessed valuation" or "valuation based on the last assessment roll" is used, said terms shall be construed as meaning taxable valuation determined as herein provided, not the full and true valuation of property.~~"

Section 30. Section 16-807, R.C.M. 1947, is amended to read as follows:

"16-807. Limit of indebtedness. No county may become indebted in any manner or for any purpose to an amount, including existing indebtedness, in the aggregate exceeding ~~five per centum~~ 18% of the ~~assessed~~ taxable value of the ~~taxable~~ property therein subject to taxation, ~~to be~~ as ascertained by the last assessment for state and county taxes previous to the incurring of such indebtedness, ~~and all~~ All bonds or obligations in excess of such amount given by or on behalf of ~~such~~ the county are void. No county may incur ~~any~~ indebtedness or liability for any single purpose to an amount exceeding ~~forty thousand dollars ($40,000)~~ without the approval of a majority of the electors thereof voting at an election to be provided by law, except as provided in ~~sections~~ 16-1407.1 and 16-1407.2."

Section 31. Section 16-808, R.C.M. 1947, is amended to read as follows:

"16-808. Counties indebted beyond constitutional limit may operate on cash basis. ~~That is~~ In case the total indebtedness of a county, lawful when incurred, ~~by reason of great diminution of assessed value~~ exceeds the limit of ~~five per centum (5%)~~ 18%, by reason of great diminution of taxable value, ~~it shall be lawful for said~~ the county ~~and it is hereby authorized and empowered to thereafter manage and~~ may conduct its business affairs on a cash basis and pay the

reasonable and necessary current expenses of ~~said~~ the county out of the cash in the county treasury and derived from its current revenue, and under such restrictions and regulations as may be imposed by the board of county commissioners of ~~said~~ the county by a resolution duly adopted and ~~spread upon~~ included in the minutes of ~~said~~ the board. ~~provided, however, that nothing herein shall restrict~~ Nothing in this section restricts the right of ~~said~~ the board to make the necessary tax levies for interest and sinking fund purposes, and ~~provided further that~~ nothing ~~herein shall affect~~ in this section affects the right of any creditor of ~~said~~ the county to pursue any remedy now given him by law to obtain payment of his claim."

Section 32. Section 16-1152, R.C.M. 1947, is amended to read as follows:

"16-1152. Tax levy for payment of warrants. The board of county commissioners shall annually determine the amount of ~~such~~ the warrants drawn on the general fund for the purposes of controlling insect pests under a cropland spraying program approved by the department of agriculture, ~~and~~ In the succeeding year, the board shall levy a tax for the purpose of insect pest extermination sufficient ~~in amount~~ to reimburse ~~said~~ the general fund for the money ~~so~~ paid out on ~~such~~ the warrants, ~~which said~~ The tax shall be levied upon all the property in the county and shall not

exceed ~~three (3)~~ mills on each dollar of ~~assessed valuation~~ taxable value. If there ~~be~~ is no money in the general fund with which to pay such warrants, they shall be registered and bear interest in the same manner as other county warrants, ~~but in such~~ In this case the interest shall be computed and added to the amount for which such tax is levied."

Section 33. Section 16-1412, R.C.M. 1947, is amended to read as follows:

"16-1412. Budget for district fairs -- consideration by county commissioners -- tax levy -- district fair fund -- expenditures. (1) ~~Aside from the revenue derived from annual fairs or other exhibitions conducted, the necessary revenue shall be raised as follows: The~~ To raise the revenue necessary to hold district fairs, the board of directors shall meet during the first week of May of each year, and ~~shall~~ make a budget of the amounts required in the conduct of the affairs of the district, for the following year. ~~and~~ The board shall deduct ~~therefrom~~ from the budget the probable income from the annual district fair and other exhibitions to be held by ~~said~~ the district during the following year, and shall then apportion the remaining balance among the various counties forming ~~said~~ the district in proportion to the assessed property of each county as determined by the assessment rolls of the preceding year.

~~save in the case of~~ By mutual agreement of the directors, the share apportioned to the county in which the fair is being conducted, ~~in which county the levy may, by mutual agreement of the directors,~~ may be made larger than in other counties comprising the district, ~~and the~~ The secretary shall certify to each board of county commissioners the amount of ~~said~~ the budget and the amount of revenue to be raised by ~~such~~ the county for ~~such~~ these purposes, and shall file a certified copy thereof with the clerk of the board of county commissioners of each of the counties in ~~said~~ the district on or before ~~the first day of~~ June 1 of each year. The respective boards of county commissioners of the counties comprising ~~said~~ the district shall meet in joint assembly with their county fair commissioners during the first week of June of each year and ~~shall~~ jointly consider the budget proposed by the board of directors of the district, and ~~shall~~ give such approval or suggest such amendments or modifications as ~~to them may seem~~ they think proper and desirable.

(2) If the county commissioners ~~shall~~ fail to hold ~~such~~ the joint meeting, or ~~shall~~ fail to take any action, then the budget, certified by the secretary of the fair district shall be, without further action, ~~deemed~~ approved, and the sums of money apportioned to the county shall be the sums to be raised by special levy for ~~said~~ this purpose. For

the purpose of raising the ~~aforesaid~~ revenues, the board of county commissioners of each county in the district shall annually make a levy to raise the required sum apportioned to the respective counties; ~~provided however that~~ However, the ~~said~~ levy shall not exceed ~~one (1)~~ mill on the dollar of the ~~assessed valuation~~ taxable value of all the taxable property in the county; except in the case of the county in which the fair is being conducted, ~~in which~~ In this county, the levy shall not exceed ~~one and one-half (1 1/2)~~ mills on the dollar of taxable property in the county; ~~in~~ In addition ~~thereto~~ to this levy, any and all moneys available ~~to~~ for the holding of county fairs may be allotted and transferred to the use of the district fair as the respective county fair commissioners may elect; ~~the~~ The funds available to a district fair shall, on the first Monday in August or as soon thereafter as may be possible, be deposited with the county treasurer of the county in which the district fair is to be held and ~~by him and~~ credited to a fund to be known as the district fair fund, held and paid out in the same manner as the county fair fund, except that it shall be paid out on district fair board warrants signed by the chairman or the vice-chairman and the secretary of the district fair board; ~~provided that the~~ The treasurer of the county in which the district fair ~~shall~~ will be held shall carry the moneys received from the

various counties in the district in the regular county fair fund in the same manner as regular county fair moneys, payable, however, only on district fair warrants."

Section 34. Section 16-2010.1, R.C.M. 1947, is amended to read as follows:

"16-2010.1. Limit on city-county consolidated indebtedness. No city-county consolidated local government may issue bonds for any purpose which, with all outstanding indebtedness, ~~will~~ may exceed ~~seven and one-half percent (7 1/2%)~~ 27% of the ~~assessed~~ taxable value of the ~~taxable~~ property therein subject to taxation, ~~to be~~ as ascertained by the last assessment for state and county taxes~~, provided, however, that~~ However, for the purpose of constructing a sewerage system or procuring a water supply or constructing or acquiring a water system for a city-county consolidated government, which shall own and control such water supply and water system and devote the revenues therefrom to the payment of the debt, a city-county consolidated government may incur an additional indebtedness by borrowing money or issuing bonds. The additional indebtedness, which may be incurred by borrowing money or issuing bonds for the construction of a sewerage system, or for the procurement of a water supply, or for both such purposes, ~~including all indebtedness theretofore contracted which is unpaid or outstanding,~~ may not in the aggregate

exceed ~~ten percent (10%),~~ over and above the ~~seven and one-half percent (7 1/2%)~~ 27% heretofore referred to, of the ~~assessed~~ taxable value of the ~~taxable~~ property therein subject to taxation as ascertained by the last assessment for state and county taxes. The issuing of bonds for the purpose of funding or refunding outstanding warrants or bonds is not the incurring of a new or additional indebtedness, but is merely the changing of the evidence of outstanding indebtedness."

Section 35. Section 16-4020, R.C.M. 1947, is amended to read as follows:

"16-4020. Disposal of property -- leasing -- sale. (1) Each county to which any part of an abandoned and abolished county is attached ~~and made a part and becoming~~ becomes the owner under the provisions of this act of the real and ~~any~~ tangible personal property of ~~an~~ the abandoned and abolished county and may use all of ~~such~~ this property for county purposes, ~~or~~ may lease any of ~~such~~ this real estate, or may sell any of ~~such~~ the real estate or personal property.

(2) ~~provided that no such~~ No personal property having a value in excess of ~~one hundred dollars ($100.00) shall be sold unless the case~~ may be sold unless it has been appraised within ~~one~~ 1 year immediately prior to the date of sale by three taxpayers, ~~residing~~ who reside within the territory ~~embraced within the boundaries~~ of the abandoned

and abolished county, and who were appointed by the judge of the district court to which the county succeeding to the ownership of ~~such~~ the property is attached, on petition of the board of county commissioners thereof, ~~and no~~ No sale of any ~~such~~ personal property ~~shall~~ may be made except at public sale after notice or for a price less than ~~ninety per cent (90%)~~ of ~~such~~ the appraised value.

~~(2)~~ (3) No ~~such~~ real property ~~shall~~ may be leased unless the board of county commissioners ~~shall present~~ presents to the judge of the district court to which the county is attached a petition describing the real estate, with any improvements thereon, and setting forth the terms of the proposed lease, ~~and the same~~ The petition shall be approved by ~~such~~ the judge, ~~which approval shall be endorsed on such petition~~ and filed in the office of the clerk of ~~said~~ the county.

~~(3)~~ (4) No real estate ~~shall~~ may be sold by ~~said~~ the board of county commissioners unless the ~~same~~ property has been appraised within ~~one~~ 1 year immediately prior to the date of sale by three taxpayers ~~residing~~ who reside within the territory ~~embraced within the boundaries~~ of the abandoned and abolished county, and who were appointed by the judge of the district court to which the county is attached, on petition of the board of county commissioners of such county, ~~and every such~~ Every sale of real estate

shall be made at public sale, and notice ~~of such sale~~ shall abolished county, such moneys shall be applied in payment of such warrants and interest;

(b) if there are no ~~such~~ warrants outstanding but district bonds have been issued under the provisions of subdivision (b) of ~~section~~ 16-4016, then ~~such~~ the moneys shall be deposited in the sinking and interest fund for ~~such~~ district ~~bond~~ bonds;

(c) if there ~~be~~ are no ~~such~~ district bonds outstanding, then ~~such~~ the moneys shall be deposited to the credit of the sinking and interest funds for bonds issued and outstanding when the abandoned and abolished county ceased to exist; and

(d) if there ~~be~~ are no ~~such~~ bonds outstanding ~~and unpaid~~, then ~~such~~ the moneys shall be apportioned to all of the counties to which parts of the abandoned county were attached in the proportion which the ~~assessed valuation~~ taxable value of the property in each ~~such~~ part on ~~the first day of~~ January 1 immediately preceding the abandonment bears to the ~~assessed valuation~~ taxable value of all the property in ~~such~~ the abandoned county. ~~and~~ The apportioned moneys shall be deposited in ~~such~~ the funds of ~~such~~ each county as the boards of county commissioners of ~~such~~ the counties may direct."

Section 36. Section 32-3107, R.C.M. 1947, is amended

to read as follows:

"32-3107. Report of county road superintendent -- order creating district. (1) At the next annual meeting of the board after the road superintendent has completed surveying the road and making estimates, he shall make a detailed report. ~~(a)~~ The report shall state that the maps, descriptions, plans, specifications, and details and estimates of damages, costs, and expenses have been completed.

(2) The whole amount of damages, costs, and expenses shall not exceed ~~fifty per cent (50%)~~ 135% of the total ~~assessed valuation~~ taxable value of the parcels of land in the district, as determined from the last annual assessment roll of the county. If it does not, the board shall make and enter upon the report an order that the road be made.

(3) That order shall create the local improvement district to be known and designated as local improvement district No. .... in .... county, Montana. Copies of the report shall be kept in the offices of the board and road superintendent."

Section 37. Section 46-1914, R.C.M. 1947, is amended to read as follows:

"46-1914. Levy of tax for purpose of paying for destruction of wild animals -- limitation on levy. The department of revenue shall annually prescribe the levy

recommended by the department to be made against livestock of all classes, for paying for the destruction of wild animals killed in this state. The tax in any one year may not exceed ~~one and one-half (1 1/2)~~ mills on the ~~assessed valuation~~ taxable value of the livestock. The money received shall be used only for the payment of claims for the destruction of wild animals and for the administration of this act, approved by the department. The money received for the taxes levied shall be sent annually with other taxes ~~for state purposes~~ to the state treasurer by the county treasurer of each county, ~~and when~~ When the money is received by the state treasurer, it shall be placed in the earmarked revenue fund, and ~~the money~~ may then be paid out on claims approved under the law governing the payment of claims."

Section 38. Section 53-114, R.C.M. 1947, is amended to read as follows:

"53-114. Application for registration of motor vehicles and payment of license fees thereon -- assessment of motor vehicles in the stock of licensed motor vehicle dealers as merchandise. (1) Every owner of a motor vehicle operated or driven upon the public highways of this state shall, for each motor vehicle owned, except as herein otherwise expressly provided, file, or cause to be filed, in the office of the county treasurer ~~wherein~~ where ~~such~~ the

motor vehicle is owned or taxable, an application for registration, or reregistration, upon a blank form to be prepared and furnished by the registrar of motor vehicles, ~~which~~ The application shall contain:

(a) ~~Name~~ name and address of owner, giving county, school district, and town or city within whose corporate limits the motor vehicle is taxable;

(b) ~~Name~~ name and address of conditional sales vendor, mortgagee, or holder of other lien against ~~said~~ the motor vehicle, with statement of amount owing under such contract or lien;

(c) ~~Description~~ description of motor vehicle, including make, year model, engine or serial number, manufacturer's model or letter, gross weight, type of body, and, if truck, the rated capacity;

(d) ~~In~~ in case of reregistration, the license number for the preceding year; and

(e) ~~Such~~ such other information as the registrar of motor vehicles may require.

(2) ~~Whoever~~ A person who files an application for registration or reregistration of a motor vehicle, except of a mobile home as defined in ~~section~~ 84-101, ~~R.C.M., 1947,~~ shall before filing such application with the county treasurer submit the same to the county assessor of ~~said~~ the county. ~~and said~~ The county assessor shall enter on ~~said~~ the application in a space to be provided for that purpose, the ~~full and true and the assessed valuation~~ market value of ~~said~~ the vehicle for the year for which ~~said~~ the application for registration is made.

(3) ~~Whoever~~ A person who files an application for registration or reregistration of a motor vehicle, except of a mobile home as defined in ~~section~~ 84-101, ~~R.C.M., 1947,~~ shall upon the filing of ~~said~~ the application ~~(1)~~ pay to the county treasurer the registration fee, as provided in ~~section~~ 53-122 and ~~section~~ 53-115, and ~~shall also at such time (2)~~ pay the personal property taxes assessed or the new motor vehicle sales tax against ~~said~~ the vehicle for the current year of registration, ~~(unless the same shall have~~ been theretofore paid for ~~said~~ the year), before the application for registration or reregistration may be accepted by the county treasurer. The county treasurer ~~is hereby empowered to~~ may make full and complete investigation of the tax status of ~~said~~ the vehicle, ~~and any~~ Any applicant for registration or reregistration must submit proof ~~with respect thereto~~ from the tax records of the proper county at the request of the county treasurer.

(4) The amount of taxes on ~~said~~ the motor vehicle, except a mobile home as defined in ~~section~~ 84-101, ~~R.C.M., 1947, shall be~~ is computed and determined by the county treasurer on the basis of the levy of the year preceding the

current year of application for registration or reregistration. ~~and such~~ The determination ~~shall be~~ is entered on the application form in a space provided therefor.

(5) Motor vehicles, except mobile homes as defined in ~~section~~ 84-101, ~~R.C.M., 1947,~~ are ~~hereby declared to be assessable~~ assessed for ~~taxation as of and~~ taxes on ~~the first day of~~ January 1 in each year irrespective of the time fixed by law for the assessment of other classes of personal property, and irrespective of whether ~~or not~~ the levy and tax may be a lien upon real property within the state of Montana, ~~provided that in~~ In no event ~~shall~~ may any motor vehicle be subject to assessment, levy, and taxation more than once in each year.

(6) The applicant for original registration of any wholly new and unused motor vehicle, except a mobile home as defined in ~~section~~ 84-101, ~~R.C.M., 1947,~~ acquired by original contract after ~~the first day of~~ January 1 of any year shall be required, whenever such vehicle has not been otherwise assessed, to pay the motor vehicle sales tax provided by ~~section~~ 32-3315, ~~R.C.M., 1947,~~ irrespective of whether ~~or not such~~ the vehicle was in the state of Montana on ~~the first day of~~ January 1 of ~~such~~ the year.

(7) Upon accepting application for registration or reregistration of any motor vehicle which is subject to

taxation in this state on January 1 in any year, and upon payment of taxes, the county treasurer shall stamp on ~~said~~ the application: "taxes on this vehicle due January 1 of current year paid by applicant, prior applicant, or owner, and this vehicle is eligible for registration." Upon accepting application for registration of any motor vehicle which was not subject to taxation in this state on January ~~1st~~ 1 in any year, the county treasurer shall indicate ~~such~~ the fact by proper entry on ~~said~~ the application.

(8) The registrar of motor vehicles ~~shall have authority to~~ may make proper entry of the payment of taxes in accord with the facts on any certificate of title to ~~any~~ a motor vehicle ~~respecting payment of taxes in accord with the facts~~.

(9) Motor vehicles subject to anniversary date registration as provided in ~~sections~~ 53-154 through 53-162 are exempt from the provisions of subsections (5), (6), and (7) of this section."

Section 39. Section 53-1025, R.C.M. 1947, is amended to read as follows:

"53-1025. Display of tax-paid decals on snowmobiles required -- application and issuance. ~~(a)~~ (1) No snowmobile ~~shall~~ may be operated by any person in the state of Montana unless there is displayed in a conspicuous place ~~thereon~~ on it a decal as visual proof that Montana personal property

taxes have been paid ~~thereon~~ on it for the current year.

(2) Application for the ~~issuance of such~~ tax-paid decal shall be made to the county treasurer upon forms to be furnished for this purpose, which may be obtained from the registrar of motor vehicles or at the county assessor's office in the county ~~wherein~~ where the owner resides~~,~~ ~~and is to provide for substantially~~ The application shall contain the following information:

(a) name of owner~~;~~

(b) address~~;~~

(c) registration number~~;~~

(d) name of manufacturer~~;~~

(e) model number~~;~~

(f) make~~;~~

(g) horsepower~~;~~

(h) year of manufacture~~;~~

(i) statement evidencing assessment~~,~~ and payment of property tax~~;~~ and

(j) such other information as the registrar of motor vehicles may require.

(3) ~~Said~~ The application shall be signed by the county treasurer and transmitted by him to the registrar of motor vehicles accompanied by a fee of ~~two dollars ($2)~~. All moneys collected from payment of ~~such~~ the fees shall be turned over to the state treasurer and placed ~~by him~~ in the

earmarked revenue fund to the credit of the state fish and game commission, with ~~one dollar ($1)~~ designated for use in enforcing the purposes of this act and ~~one dollar ($1)~~ designated for use in developing snowmobile facilities. Upon receipt of the application in approved form~~,~~ the registrar of motor vehicles or county treasurer shall issue to the applicant a decal in the style and design prescribed by the registrar of motor vehicles and of a different color than the preceding year, numbered ~~numerically~~ in sequence.

~~(b)~~ (4) Before filing the application with the county treasurer, the applicant shall submit ~~the same~~ it to the county assessor of the county and the county assessor shall enter on the application in a place provided for that purpose~~,~~ the ~~full and true~~ market ~~and assessed valuation~~ value of the snowmobile for the year for which the application is made.

~~(c)~~ (5) The applicant shall pay the county treasurer the application fee and ~~shall also pay~~ the personal property taxes assessed against the snowmobile for the current year before the application for registration or reregistration may be accepted by the county treasurer."

Section 40. Section 69-3504, R.C.M. 1947, is amended to read as follows:

"69-3504. Identification number. ~~(a)~~ (1) The owner of each motorboat requiring numbering by this state shall file

an application for number in the office of the county treasurer ~~wherein~~ where the motorboat or vessel is owned or taxable, on forms prepared and furnished by the registrar of motor vehicles. The application shall be signed by the owner of the motorboat and shall be accompanied by a fee of ~~one ($1) dollar~~. Any alteration, change, or false statement contained in the application for certificate of registration will render the certificate of number null and void. Upon receipt of the application in approved form, the county treasurer shall issue to the applicant a certificate of number prepared and furnished by the registrar of motor vehicles, stating the number awarded to the motorboat and the name and address of the owner. The number awarded must be painted on or attached to each outboard side of the forward half of the motorboat, or, if there are no such sides, at a corresponding location on both outboard sides of the foredeck of the motorboat ~~for which it is issued~~. The number awarded shall read from left to right, in Arabic numerals, in block characters of good proportion, ~~a minimum~~ of at least ~~three (3)~~ inches ~~in height~~ tall, excluding border or trim, and of a color ~~which shall contrast~~ that contrasts with the color of the background, and so maintained as to be clearly visible and legible. The number ~~shall~~ may not be placed on the obscured underside of the flared bow where ~~the angle is such that the numbers~~ it

cannot be easily seen from another vessel or ashore. No numerals, letters, or devices other than those used in connection with the identifying number issued ~~shall~~ may be placed in the proximity of the identifying number, ~~and no~~ No numerals, letters, or devices which might interfere with the ready identification of the motorboat by its identifying number ~~shall~~ may be carried as to interfere with the motorboat's identification. The certificate of number shall be pocket size and ~~shall be~~ available to federal, state, or local law enforcement officers at all reasonable times for inspection on the motorboat ~~for which issued~~, whenever the motorboat is on waters of this state, ~~except boat~~ Boat liveries are not required to have the certificate of number on board each motorboat, ~~except that a~~ A rental agreement must be carried on board livery motorboats in place of the certificate of number.

~~(b)~~ (2) Before filing ~~such~~ the application with the county treasurer, the applicant shall submit ~~the same~~ it to the county assessor of ~~said~~ the county and ~~said~~ the county assessor shall enter on ~~said~~ the application in a space to be provided for that purpose, the ~~full and true and assessed valuation~~ market value of ~~said~~ the vehicle for the year for which ~~said~~ the application for registration is made.

~~(c)~~ (3) The applicant shall, upon the filing of the application, pay to the county treasurer, the registration

fee and ~~shall also pay~~ the personal property taxes assessed against the motorboat or vessel for the current year of registration before the application for registration or reregistration may be accepted by the county treasurer.

~~(d) The numbering requirements of this act shall apply to motorboats operated by dealers, manufacturers or their employees as follows:~~

~~(1)~~ (4) A dealer or manufacturer may apply directly to the registrar of motor vehicles for one ~~(1)~~ identifying number and one ~~(1)~~ or more certificates of number. A dealer's or manufacturer's identifying number shall be displayed on ~~a dealer's or manufacturer's~~ his boat while the boat is operating for a purpose related to the buying, selling, or exchanging of the boat by the dealer or manufacturer. ~~(2)~~ The application for a dealer's or manufacturer's identifying number shall include ~~the~~ his name ~~of the dealer or manufacturer~~ and ~~the~~ business address ~~of the dealer or manufacturer~~. Each dealer or manufacturer ~~shall~~ will have one ~~(1)~~ identifying number assigned to his business. ~~(3)~~ An application for dealer's or manufacturer's identifying number and certificate of number ~~shall~~ must be accompanied by the following fees:

~~(A)~~ (a) for the identifying number, first certificate of number, and set of license decals, ~~five dollars ($5)~~;

~~(B)~~ (b) for each additional certificate of number and

set of license decals applied for in any application, ~~two dollars ($2)~~.

~~(4)~~ (5) The registrar of motor vehicles shall issue certificates of number for the identifying number awarded to a dealer or manufacturer in the same manner as provided in ~~section~~ 69-3504(a), except that no boat shall be described in the certificate and each certificate shall state that the identifying number has been awarded to a dealer or manufacturer. A dealer's or manufacturer's certificate of number expires on April 30 of the year for which it is issued. ~~(5)~~ A dealer's or manufacturer's identifying number shall be displayed in the same manner as provided in ~~section~~ 69-3504(a) of this act, except that the number may be temporarily attached~~,~~ and that the last three ~~(3)~~ letters shall be "DLR" for dealer and "MFR" for manufacturer~~s~~. ~~these~~ These letters shall be included, respectively, in dealer or manufacturer identification numbers only. ~~(6)~~ No person other than a dealer or manufacturer or an employee of a dealer or manufacturer shall display or use a dealer's or manufacturer's identifying number. A dealer's or manufacturer's identifying number may be displayed only on motorboats owned by the dealer or manufacturer. ~~(7)~~ No dealer or manufacturer or employee of a dealer or manufacturer ~~shall~~ may use a dealer's or manufacturer's identifying number for any purpose other than the purpose

described in subsection ~~(1)~~ (4) of this section.

~~(c)~~ (6) The owner of any motorboat already covered by a number in full force and effect~~, which~~ that has been awarded to it ~~pursuant to then~~ under operative federal law or a federally approved numbering system of another state~~,~~ shall record the number prior to operating the motorboat on the waters of this state in excess of the ~~sixty (60)~~ day reciprocity period provided for in ~~section~~ 69-3506(1) of this act. ~~Such recordation~~ The record shall be ~~in the manner and pursuant to the~~ made according to the procedure required for the award of number under subsection ~~(a)~~ (1) of this section.

~~(f)~~ (7) Should the ownership of a motorboat change, ~~within a reasonable time~~ a new application form with fee shall be filed within a reasonable time with the county treasurer and a new certificate of number ~~shall be~~ awarded in the same manner as provided for in an original award of number.

~~(g)~~ (8) If an agency of the United States government has in force ~~an over all~~ a comprehensive system of identification numbering for motorboats in the United States, the numbering system employed pursuant to this act by the registrar of motor vehicles shall be in conformity ~~therewith~~.

~~(h)~~ (9) Every certificate of number and the license

decals awarded under this act shall continue in effect for a period not to exceed ~~one (1)~~ year~~,~~ unless sooner terminated or discontinued in accordance with the provisions of this act. Certificates of number and license decals shall show the date of expiration ~~thereon~~ and may be renewed by the owner in the same manner provided for in the initial securing of the certificate.

~~(i)~~ (10) Certificates of number ~~due~~ shall expire on April 30 of each ~~calendar~~ year and ~~shall no longer~~ may not be ~~of any~~ in effect unless renewed under this act.

~~(j)~~ (11) In event of transfer of ownership, the purchaser shall furnish the county treasurer notice within reasonable time of the acquisition of all or any part of his interest, other than the creation of a security interest, in a motorboat numbered in this state ~~under this section~~, or of the loss, theft, destruction, or abandonment of the motorboat~~,~~ ~~within reasonable time thereof~~. ~~Such~~ The transfer, loss, theft, destruction, or abandonment ~~shall terminate~~ terminates the certificate of number for the motorboat, ~~except that in the case of a recovery~~ Recovery from theft~~,~~ or transfer of a part interest ~~which~~ that does not affect the owner's right to operate the motorboat~~, the recovery or transfer~~ does not terminate the certificate of number.

~~(k)~~ (12) A holder of a certificate of number shall

notify the county treasurer within reasonable time if his address no longer conforms to the address appearing on the certificate and ~~shall, as a part of the notification,~~ furnish the county treasurer with his new address. The registrar of motor vehicles may provide in ~~its~~ bureau rules for the surrender of the certificate bearing the former address and its replacement with a certificate bearing the new address or the alteration of an outstanding certificate to show the new address of the holder.

~~(l)~~ (13) No number other than the number and license decal awarded to a motorboat or granted reciprocity under this act, shall be painted, attached, or otherwise displayed on either side of the forward half of the motorboat.

~~(m)~~ (14) Fees collected under this section shall be transmitted to the state treasurer who shall deposit the fees in the motorboat certificate identification account of an earmarked revenue fund. These fees shall be used only for the administration and enforcement of ~~sections~~ 69-3501 through 69-3518.

~~(n)~~ (15) An owner of a motorboat must within reasonable time notify the registrar of motor vehicles, giving the motorboat's identifying number and the owner's name, ~~within reasonable time,~~ when that motorboat becomes documented as a vessel of the United States, or is transferred, lost, destroyed, abandoned, frauded, or within ~~sixty~~ (60) days

after change of state of principal use."

Section 41. Section 75-7104, R.C.M. 1947, is amended to read as follows:

"75-7104. Limitations on amount of bond issue. (1) The maximum amount for which each school district ~~shall~~ may become indebted by the issuance of bonds, including all indebtedness represented by outstanding bonds of previous issues and registered warrants, is ~~eight percent (8%)~~ 29% of the ~~assessed~~ taxable value of the ~~taxable~~ property ~~therein~~ subject to taxation as ascertained by the last completed assessment for state, county, and school taxes previous to the incurring of such indebtedness. The ~~eight percent (8%)~~ 29% maximum, however, ~~shall~~ may not pertain to indebtedness imposed by special improvement district obligations or assessments against the school district. All bonds issued in excess of such amount shall be null and void, except as provided in ~~subsection (2)~~ this section.

(2) When the total indebtedness of a school district has reached the ~~eight percent (8%)~~ 29% limitation prescribed in this section, ~~such~~ the school district ~~shall have the power and authority to~~ may pay all reasonable and necessary expenses of the school district on a cash basis in accordance with the financial administration provisions of this ~~title~~ chapter. Whenever bonds are issued for the purpose of refunding bonds, any moneys to the credit of the

debt service fund for the payment of the bonds to be refunded ~~shall be~~ are applied towards the payment of such bonds and the refunding bond issue ~~shall be~~ is decreased accordingly.

~~(2)~~ (3) In ~~the case of~~ a school district within which a new major industrial facility which seeks to qualify for taxation as class seven ~~(7)~~ property under ~~section 84-301, R.C.M. 1947,~~ 84-301.8 is being constructed or is about to be constructed, the school district may require, as a precondition of the new major industrial facility qualifying as class seven ~~(7)~~ property, that the owners of the proposed industrial facility enter into an agreement with the school district concerning the issuing of bonds in excess of the ~~eight percent (8%)~~ 29% limitation prescribed in ~~subsection one (1)~~ this section. Under such an agreement, the school district may, with the approval of the voters, issue bonds which exceed the limitation prescribed in ~~subsection one (1)~~ this section by a maximum of ~~eight percent (8%)~~ 29% of the estimated ~~assessed~~ taxable value of the ~~taxable~~ property of the new major industrial facility subject to taxation when completed. The estimated ~~assessed~~ taxable value of the ~~taxable~~ property of the new major industrial facility subject to taxation shall be computed by the department of revenue when requested to do so by a resolution of the board of trustees of the school district, ~~and~~ A copy of the

department's statement of estimated ~~assessed~~ taxable value shall be printed on each ballot used to vote on a bond issue proposed under this ~~subsection~~ section.

(4) Pursuant to the agreement between the new major industrial facility and the school district, and as a precondition to qualifying as class seven ~~(7)~~ property, the new major industrial facility and its owners shall, pay, in addition to ~~such~~ the taxes ~~as may be~~ imposed by the school district on property owners generally ~~pay~~, so much of the principal and ~~interests~~ interest on the bonds provided for under this ~~subsection~~ section as ~~shall represent~~ represents payment on an indebtedness in excess of the limitation prescribed in ~~subsection one (1)~~ this section. After the completion of the new major industrial facility and when the indebtedness of the school district no longer exceeds the limitation prescribed in ~~subsection one (1)~~ this section, the new major industrial facility shall be entitled, after all the current indebtedness of the school district has been paid, to a tax credit over a period of no more than ~~twenty (20)~~ years, ~~which~~ The credit shall, as a total amount, be equal to the amount ~~by~~ which the facility paid the principal and interest of the school district's bonds in excess of its general liability as a taxpayer within the district.

(5) A major industrial facility is a facility, subject to the taxing power of the school district, whose

construction or operation will increase the population of the district, ~~so as to impose~~ imposing a significant burden upon the resources of the district and ~~to require~~ requiring construction of new school facilities. A significant burden is an increase in ANB of at least ~~twenty percent (20%)~~ in a single year."

Section 42. Section 75-8104, R.C.M. 1947, is amended to read as follows:

"75-8104. Requirements for organization of community college district. The registered electors in any area of the state of Montana may request an election for the organization of a community college district where the proposed community college district conforms to the following requirements:

(1) The proposed area ~~shall coincide~~ coincides with the then-existing boundaries of contiguous elementary districts of one or more counties.

(2) The ~~assessed valuation~~ taxable value of the proposed area is at least ~~thirty million dollars ($30,000,000)~~ $1 million.

(3) There are at least ~~seven hundred (700)~~ pupils regularly enrolled in public and private high schools located in the proposed area."

Section 43. Section 84-101, R.C.M. 1947, is amended to read as follows:

"84-101. Definition of terms. ~~Whenever the~~ When terms mentioned in this section are ~~employed in dealing with the subject of~~ used in connection with taxation, they are ~~employed in the sense hereafter affixed to them,~~ defined in the following manner:

~~First.~~ (1) The term "property" includes moneys, credits, bonds, stocks, franchises, and all other matters and things real, personal, and mixed, capable of private ownership~~;~~. ~~but this~~ This definition must not be construed ~~so as~~ to authorize the taxation of the stocks of any company or corporation when the property of such company or corporation represented by ~~such~~ the stocks is within the state and has been taxed.

~~Second.~~ (2) The term "real estate" includes:

~~1.~~(a) ~~The~~ the possession of, claim to, ownership of, or right to the possession of land~~;~~

~~2.~~(b) ~~All~~ all mines, minerals, and quarries in and under the land, subject to the provisions of ~~section~~ 84-5401~~;~~ all timber belonging to individuals or corporations growing or being on the lands of the United States~~;~~ and all ~~right~~ rights and privileges appertaining thereto.

~~3. Improvements.~~

~~Third.~~ (3) The term "improvements" includes all buildings, structures, fixtures, fences, and improvements,

~~including mobile homes and house trailers~~ situated upon, erected upon, or affixed to land. ~~When~~ When the department of revenue or its agent determines that the permanency of location of ~~the~~ a mobile home or housetrailer has been established, ~~and for this purpose any~~ the mobile home or housetrailer is presumed to be an improvement to real property. If the mobile home or house trailer is an improvement located on land not owned by the owner of such improvement, the improvement ~~shall be~~ is assessed as a leasehold improvement to real property and delinquent taxes can be a lien only on the leasehold improvement.

~~Fourth~~ (4) The term "personal property" includes everything ~~which~~ that is the subject of ownership, but that is not included within the meaning of the term "real estate" and "improvements".

~~Fifth The terms "value" and "full cash value" mean the amount at which the property would be taken in payment of a just debt due from a solvent debtor.~~

~~Sixth~~ (5) The term "credit" means ~~those~~ solvent debts, secured or unsecured, owing to a person.

~~Seventh~~ (6) The term "mobile home" means forms of housing known as "trailers", "house trailers", or "trailer coaches" exceeding ~~eight~~ (8) feet in width or ~~thirty-two~~ (32) feet in length, designed to be moved from one place to another by an independent power connected ~~thereto~~ to them.

(7) The term "assessed value" means the value of property as defined in 84-401.

(8) The term "taxable value" means the percentage of assessed value as provided for in 84-301.2 through 84-301.15 and 84-308."

Section 44. Section 84-402, R.C.M. 1947, is amended to read as follows:

"84-402. ~~Department of revenue to determine and show percentage basis and taxable value computed thereon and county~~ County assessor to be ~~agents~~ agent of the ~~state~~ department of revenue. ~~(1) The percentage basis of true and full value as provided for in section 84-302, shall be determined and assigned by the state department of revenue or its agents, and the taxable value thereupon computed when they make their annual assessments, and copies of such assessments as provided for in section 84-411 shall show the taxpayer the percentage class to which his various classes of property for taxation and the taxable valuation thereof have been assigned.~~ ~~(2)~~ (1) The county assessors of the various counties of the state of Montana are agents of the ~~state~~ department of revenue for the purpose of locating and providing the department a description of all taxable property within the county together with other pertinent information, and for the purpose of performing such other administrative duties as are required for placing taxable

property on the assessment roles. The assessors shall perform such other duties as are required by law, not in conflict with the provisions of this subsection.

~~(3)~~ (2) The department of revenue shall have full charge of ~~appraising~~ assessing all property subject to taxation and equalizing values and shall secure such personnel as is necessary to properly perform ~~their~~ its duties.

~~(4)~~ (3) The ~~salaries~~ salary of the county assessor shall be the same amount as provided by law for the salary of the county clerk and recorder; deputy assessors' salaries shall be the same as paid the deputy clerk and recorder.

~~(5)~~ (4) The county commissioners of the various counties shall provide existing office space in the county courthouse for use by the county assessor, his deputies and staff, and the state appraiser and staff, if such space is reasonably available~~;~~. ~~if~~ If such space is not reasonably available in the courthouse and the same must be contracted for, the department shall pay the cost thereof. Additional personal property required by the department for the assessor to perform his duties as agent of the department shall be provided by the department."

Section 45. Section 84-404, R.C.M. 1947, is amended to read as follows:

"84-404. ~~State department~~ Department of revenue to

assign percentage basis~~,~~ ~~--~~ when. The percentage basis of ~~true and full~~ assessed value as provided for in ~~section 84-303, shall be~~ 84-301.2 through 84-301.15 and 84-308 is determined and assigned by the ~~state~~ department of revenue, or its agent when it makes its annual assessment of the property~~, which it is~~ required ~~to assess~~ under the laws of this state. ~~and~~ The department shall transmit such determination and assignment to the various county clerks with the assessments so made, and its determination ~~shall be~~ is final except as to the right of review in the proper court."

Section 46. Section 84-406, R.C.M. 1947, is amended to read as follows:

"84-406. ~~Time of assessment -- motor vehicles -- mobile homes -- livestock -- snowmobiles~~ General assessment day. (1) The department of revenue or its agent must, between ~~the first day of~~ January 1 and the second Monday of July in each year, ascertain the names of all taxable inhabitants~~,~~ and assess all property in each county subject to taxation~~,~~ , ~~except such as is required to be assessed by the state department of revenue, and~~ The department or its agent must assess ~~such~~ property to the ~~persons~~ person by whom it was owned or claimed~~,~~ or in whose possession or control it was at 12 midnight of ~~the first day of~~ January 1 next preceding. It must also ascertain and assess all

mobile homes arriving in the county after 12 midnight of ~~the first day of~~ January 1 next preceding.

(2) The procedure provided by this section ~~shall~~ may not apply to:

(a) ~~Motor~~ motor vehicles ~~which~~ that are required by ~~subdivision (2) hereof~~ subsection (4) to be assessed ~~as of the first day of~~ on January 1, or upon their anniversary registration date, ~~but no~~ No mistake in the name of the owner or supposed owner of real property, however, renders the assessment ~~thereof~~ invalid.

(b) ~~Livestock~~ livestock which are required by ~~subdivision (3)~~ subsection (6) of this section to be assessed on an average inventory basis in each county; ~~Credits must be assessed as provided in section 84-101, subdivision 6.~~

(c) ~~Property~~ property defined in ~~section~~ 53-602 as "special mobile equipment" ~~which~~ that is subject to assessment ~~of~~ for personal property taxes on the date that application is made for a special mobile equipment plate;

(d) ~~Mobile~~ mobile homes held by a distributor or dealer of mobile homes as a part of his stock in trade; and

~~(e) Campers which are required by subdivision 4 hereof to be assessed as of the first day of January.~~

~~(f)~~ (e) ~~Snowmobiles which~~ snowmobiles that are required by ~~subdivision 5 hereof~~ subsection (8) to be assessed as of

~~the first day of~~ July 1.

(3) Credits must be assessed as provided in 84-101, subsection (5).

~~(2)~~ (4) The department or its agent must ascertain and assess all motor vehicles, except mobile homes, in each county subject to taxation as of January 1, or as of the anniversary registration date of those vehicles subject to ~~sections~~ 53-154 through 53-162, in each year, ~~and the same~~ The motor vehicles shall be assessed to the persons by whom owned or claimed, or in whose possession or control ~~such vehicle was~~ they were at 12 midnight of ~~the first day of~~ January 1 or the anniversary registration date thereof, whichever is applicable, in each year. ~~Provided that such~~ No tax ~~shall not~~ may be assessed against motor vehicles ~~which~~ that constitute inventory of motor vehicle dealers as of January 1, ~~but said~~ These vehicles, and all other motor vehicles brought into the state subsequent to January 1, as motor vehicle ~~dealer's~~ dealers' ~~inventory~~, inventories shall be assessed to their respective purchasers as of the dates ~~said~~ the vehicles are registered by ~~said~~ the purchasers, ~~and purchasers means and~~ "Purchasers" includes dealers who apply for registration or ~~re-registration~~ reregistration of motor vehicles, except as otherwise provided by ~~section~~ 32-3315. Goods, wares, and merchandise of motor vehicle dealers, other than new motor vehicles and new mobile homes,

shall be assessed at ~~full and true~~ market value as of ~~the first day of~~ January 1.

~~(5) Except that this paragraph shall not apply to an applicant for registration or re-registration of a mobile home, nothing herein contained shall relieve the~~ The applicant for registration or ~~re-registration~~ reregistration of ~~any other~~ a motor vehicle, other than a mobile home, is not relieved ~~so assessed or subject to assessment~~ of the duty of paying taxes ~~thereon as a condition precedent to registration or re-registration in the event said~~ if the taxes have not been paid by ~~any~~ a prior applicant or owner in all cases where taxes were required to be paid.

~~(3)~~ (6) The assessed value of livestock in each county on the assessment date ~~shall be~~ is computed by adding the assessed value of all livestock more than ~~nine (9)~~ months of age owned by the taxpayer in each county on the last day of each month since the last assessment date and dividing the sum by ~~twelve (12)~~. For purposes of this ~~subdivision~~ subsection, "livestock" means cattle, sheep, horses, and mules.

~~(4)~~ (7) The department of revenue or its agent must ~~ascertain and~~ assess all campers in each county subject to taxation as of January 1 in each year~~,~~ ~~and the same~~ The campers shall be assessed to the persons including dealers by whom owned or claimed~~,~~ or in whose possession or control

~~each camper was, including dealers,~~ they were at 12 midnight of ~~the first day of~~ January 1 in each year.

~~(5)~~ (8) The department of revenue or its agent must ~~ascertain and~~ assess all snowmobiles in each county subject to taxation as of July 1 in each year~~,~~ ~~and the same~~ A snowmobile shall be assessed to the ~~persons~~ person by whom owned or claimed~~,~~ or in whose possession or control ~~such snowmobile~~ it was at 12 midnight ~~on the first day~~ of July 1 in each year~~,~~ ~~provided, however, that~~ except snowmobiles ~~which constitute~~ in the inventory of ~~snowmobile~~ dealers which shall be assessed to the dealers as of 12 midnight of ~~the first day of~~ January 1 in each year~~,~~ ~~and further provided that all snowmobiles that have been assessed and for which taxes have been paid for the period of January 1, 1975 through December 31, 1975, shall be assessed for only six (6) months during the period July 1, 1975 through June 30, 1976.~~"

Section 47. Section 84-602, R.C.M. 1947, is amended to read as follows:

"84-602. Equalization of assessments. ~~The department of revenue has power after~~ After giving notice~~,~~ in writing~~,~~ to ~~the~~ a taxpayer~~,~~ by registered or certified mail~~,~~ addressed to him at his last known place of residence~~,~~ of its intention~~,~~ ~~to~~ the department of revenue may increase or lower ~~his~~ the taxpayer's assessment contained in the

assessment book~~,~~ ~~so as~~ to equalize the assessment of the property ~~contained therein~~ and make the assessment conform to the ~~true~~ assessed value of such property ~~in money,~~ as defined in 84-401 and 84-308. ~~which~~ The notice shall specify ~~the date and hour~~ when ~~he~~ the taxpayer may appear and be heard thereon, ~~which date shall~~ at a date and hour not ~~be~~ less than ~~five (5)~~ days from date of mailing ~~such~~ the notice~~,~~ ~~and immediately~~ Immediately after reaching a decision, the department shall notify the taxpayer~~,~~ in writing~~,~~ of ~~such~~ the decision, specifying the change, if any, made in the assessment~~,~~ ~~said~~ The notice ~~to~~ must be given by registered or certified mail~~,~~ and addressed to the taxpayer at his last known place of residence. The department may also ~~has power to~~ raise or lower the valuation of all the property in a class by a certain percentage, ~~in the event that~~ if any class of property is assessed as a class~~,~~ at more or less than its ~~actual~~ assessed value~~,~~ as defined by 84-401 by ~~its~~ the department's agent and if the valuation of ~~such~~ property within the county demands a general reclassification."

Section 48. Section 84-708.1, R.C.M. 1947, is amended to read as follows:

"84-708.1. Powers and duties of the ~~state~~ department of revenue. (1) ~~To~~ The department of revenue shall annually assess the franchise, roadway, roadbeds, rails, and rolling

stock~~,~~ and all other property of all railroads~~,~~; ~~and~~ the pole lines and ~~rights of way~~ rights-of-way and all other property of all telegraph and telephone lines, electric power and transmission lines, ditches, canals, and flumes~~,~~; and other similar property, constituting a single and continuous property operated in more than one ~~(1)~~ county in the state~~,~~ or more than one ~~(1)~~ state. To apportion ~~such~~ the assessments to the counties in which ~~such~~ the properties are located on a mileage basis~~,~~ or if the property of any company assessable under this section is of such a character that its value cannot reasonably be apportioned on the basis of mileage, the department may adopt ~~such~~ any other method or basis of apportionment to the county or counties in which the property is situated as may be just and proper.

(2) ~~All~~ The department may not consider the following property as part of any single or continuous property: lots and parcels of real estate not included in ~~right of way~~ right-of-way, with the buildings, structures, and improvements thereon~~,~~; dams and power houses, depots, stations, shops, and other buildings, erected upon ~~right of way~~~~,~~ right-of-way; and furniture, machinery, and other personal property~~,~~ ~~shall not be considered as a part of any such single and continuous property, but shall be considered as separate and distinct therefrom, and shall be~~ The property is considered separate and distinct and is assessed

by the agent of the department of revenue in the county ~~wherein they are situate~~ where it is situated.

~~(2)~~ (3) ~~To~~ The department shall transmit to the county clerk of each county its apportionment of all assessments made by the department.

~~(3)~~ (4) ~~To~~ The department shall adjust and equalize the valuation of taxable property among the several counties, and the different classes of taxable property in any county and in the several counties and between individual taxpayers; supervise and review the acts of agents of the department; change, increase, or decrease valuations made by its agents; and exercise such authority and do all things necessary to secure a fair, just, and equitable valuation of all taxable property among counties between the different classes of property and between individual taxpayers.

~~(4)~~ (5) ~~To have and~~ The department shall exercise general supervision over the administration of the assessment and tax laws of the state, and over its agents and any officers of municipal corporations, having any duties to perform under any of the laws of this state relating to taxation to the end that all assessments of property be made relatively just and equal at ~~true~~ a value in substantial compliance with law, and ~~to~~ supervise the administration of all revenue laws of the state and assist in their enforcement. ~~Further, the state~~ The department of

revenue ~~is empowered to organize, and it~~ shall ~~be its duty~~ ~~to~~ schedule and hold area schools within the state for appraisers and assessors as often as ~~is deemed~~ it considers necessary, ~~in the judgment of the department and the~~ The costs of such appraisers and assessors attending shall be borne by the state. ~~Further, the department shall determine if there is a need for a taxing, assessing, and appraising school, and such school shall be held, when deemed necessary.~~ The department shall notify all assessors and appraisers at least ~~six (6)~~ months before such school is scheduled, ~~and it shall be the duty of all~~ All assessors and appraisers ~~to~~ shall attend ~~and the cost of their attendance shall be borne by the state~~.

~~(5)~~ (6) ~~To~~ The department may confer with, advise, and direct officers of municipal corporations as to their duties, with respect to taxation, under the statutes of the state.

~~(6)~~ (7) ~~To~~ The department shall direct proceedings, actions, and prosecutions to be instituted to enforce the laws relating to the penalties, liabilities, and punishment of public officials and persons, or their agents, for failure or neglect to comply with the provisions of the statutes governing the revenue of the state or municipal corporations, ~~and to~~ The department shall cause complaints to be made against assessors and other public officers to

the proper district court for their removal from office for official misconduct or neglect of duty.

~~(7)~~ (8) ~~To~~ The department shall require county attorneys to assist in the commencement and prosecution of actions and proceedings for penalties, forfeitures, removals, and punishment for violations of the laws of the state in respect to the assessment of property and other revenue laws, in their respective counties.

~~(8)~~ (9) ~~To~~ The department shall collect annually from the proper officers of the municipal corporations information ~~as to~~ about the assessment of property, collection of taxes, receipts from licenses and other sources, the expenditure of public funds for all purposes, and such other information as may be needful and helpful in the work of the department in such form and upon such blanks as the department shall prescribe~~;~~, ~~and it~~ It shall be the duty of all public officers so called upon to fill out properly and return promptly to the department all blanks so transmitted and in every way aid the department in its work~~;~~. ~~to~~ The department may examine the records of all municipal corporations for such purposes as are deemed needful or helpful ~~by the department~~.

~~(9)~~ (10) ~~In~~ The department may, in its discretion, ~~to~~ inspect and examine, or cause an inspection and examination of the records of the officers of any municipality, whenever

~~such~~ an officer ~~shall have~~ has failed, neglected, or refused to return properly the information required by this section within the time set by the department. Upon completion of such inspection and examination, the department shall transmit to the clerk, or other proper official of the municipality, a statement of the expenses incurred by the department to secure the necessary information. Within ~~sixty~~ (60) days after the receipt by the municipality of the above statement, the same shall be audited, as other claims of the municipal corporation are audited and shall be paid into the state treasury, ~~and if~~ If the ~~same~~ statement is not so paid, the attorney general shall institute an action, in the proper court, against the municipality to recover the same. The officers responsible for the furnishing of the information collected pursuant to this section, shall be jointly and severally liable for any loss the municipality may suffer, through their delinquency~~;~~, ~~and no~~ No payment ~~shall~~ may be made to them for salary, or on any other account, until the cost of such inspection and examination as provided above ~~shall have~~ has been paid into the treasury, or to the proper officers of such municipality. They shall also be subject to ~~such~~ the other fines and penalties as prescribed by law.

~~(10)~~ (11) ~~To~~ The department may require persons, as defined above, to furnish information concerning their

capital, funded or other debt, current assets and liabilities, cost and value of property, earnings, operating and other expenses, taxes, and all other facts which may enable the department to ascertain the value of the relative burdens borne by all kinds of property and occupations in the state.

~~(11)~~ (12) ~~To~~ The department may summon witnesses to appear and give evidence, and to produce records, books, papers, and documents relating to any matter which the department ~~shall have~~ has authority to investigate and determine.

~~(12)~~ (13) ~~To~~ The department may cause the deposition of witnesses residing within or without the state, or absent therefrom, to be taken upon notice to the interested party, if any, in like manner that depositions are taken in actions pending in the district court, in any matter which the department ~~shall have~~ has authority to investigate and determine.

~~(13)~~ (14) ~~To~~ The department may examine ~~into~~ all cases where evasion or violation of the laws for taxation of property, proceeds, occupation, or business is alleged, complained of, or discovered, and ~~to~~ ascertain wherein existing laws are ineffective or are improperly or negligently administered.

~~(14)~~ (15) ~~To~~ The department may investigate the tax

systems of other states and countries and ~~to~~ formulate and recommend legislation for the better administration of the fiscal laws so as to secure just and equal taxation and improvement in the system of taxation and the economical expenditure of public revenue in the state.

~~(15)~~ (16) ~~To~~ The department may consult and confer with the governor of the state upon the subject of taxation, the administration of the laws relating thereto, and the progress of the work of the department, and ~~to~~ furnish the governor such assistance as he may require.

~~(16)~~ (17) ~~To~~ The department shall transmit to the governor and to each member of the legislature ~~twenty~~ (20) days before the meeting of the legislature, a report of the department, showing all the taxable property of the state and ~~the~~ its value ~~of the same~~ in tabulated form, with recommendations for improvements in the system of taxation, together with ~~such~~ measures as may be formulated for the consideration of the legislature~~;~~, ~~and to~~ The department may include ~~therein~~ a report showing the selling price of gasoline at the wholesale level in prime market centers of Montana and in surrounding states during the biennium, with indexes tabulated at sufficient intervals to show the comparative state price structures.

~~(17)~~ (18) In its discretion, ~~to~~ the department may waive the assessment of penalty for the late filing of any tax

statement or return required to be filed with the department when the filing is done within ~~five (5)~~ days of the date specified for filing the return or statement, and ~~for~~ the late payment of any tax collected by the department when the payment is made within ~~five (5)~~ days of the date specified for payment of the tax.

~~(10)~~ (19) In its discretion, the department may ~~to~~ enter into reciprocal agreements with the taxing authorities of states contiguous to the state of Montana which tax the income of Montana residents earned in that state to provide that the tax imposed by Title 84, chapter 49, ~~R.C.M. 1947,~~ on income derived by persons who are nonresidents of this state ~~shall~~ need not be ~~payable~~ paid when such other state or states agree to grant similar treatment to residents of Montana."

Section 49. Section 84-728, R.C.M. 1947, is amended to read as follows:

"84-728. Valuation of interstate fleets — determination of aggregate tax due. The ~~state~~ department of revenue shall assess any interstate motor vehicle fleet making application for proportional registration as follows:

~~(a)~~ (1) The purchase price depreciated by a schedule as prescribed by the department shall determine the depreciated value.

~~(b)~~ (2) The depreciated value multiplied by the ~~per~~

~~cent~~ percent of miles traveled in Montana as prescribed by ~~section~~ 53-712 shall be the assessed value.

~~(c)~~ (3) The sum of the assessed value of all vehicles included in the fleet multiplied by ~~twenty (20) per cent~~ 12% shall be the taxable value for the entire fleet.

~~(d)~~ (4) To determine the amount of tax due, the taxable value of the entire fleet shall be multiplied by the ~~state-wide~~ statewide average county mill levy plus state levies as hereinafter provided."

Section 50. Section 84-4605, R.C.M. 1947, is amended to read as follows:

"84-4605. Taxation of banks and shares of stock in. (1) Every state bank or banking corporation located and doing business in this state, and every private banker doing business in this state, shall be ~~taxable~~ taxed upon the value of all real estate and personal property owned by ~~such~~ the bank, banking corporation, or private banker, ~~and also~~ upon the moneyed capital employed in ~~such~~ the business, ~~such~~ and upon the moneyed capital to be ascertained as provided by ~~section 84-301, 84-301.7, and the~~ The cashier or secretary of every ~~such~~ bank or banking corporation, and every ~~such~~ private banker, shall furnish to the department of revenue or its agent in the county in which its or his bank is located, within ~~five~~ 5 days after demand therefor, a statement verified by his oath, showing all the resources

and liabilities of ~~such~~ the bank as disclosed by its books~~,~~ at the close of business on December 31 of the preceding year~~,~~ ~~if such~~ If the cashier, secretary, or private banker ~~shall fail~~ fails to make the statement, ~~hereby required,~~ the department or its agent shall forthwith obtain ~~such~~ the information from any other available source~~,~~ and for this purpose shall have access to the books of ~~such~~ the bank, banking corporation, or private banker. The department or its agent shall thereupon make an assessment of the real estate and personal property owned by ~~such~~ the bank, banking corporation, or private banker~~,~~ and of the moneyed capital employed in the business of ~~such~~ the bank, banking corporation, or private banker~~,~~ ~~which~~ The assessment shall be as fair and equitable as can be made from the best information available, ~~or, for~~ For the purpose of ~~said~~ the assessment, the figures disclosed by any prior report made by ~~such~~ the bank, banking corporation, or private banker to any state or federal officer pursuant to any state or federal law may be adopted. Any person required by this section to make the statement hereinabove provided~~,~~ who ~~shall fail~~ fails to furnish ~~the same,~~ it shall be guilty of a misdemeanor and ~~shall be~~ punished accordingly.

(2) All shares of stock in any ~~such~~ bank or banking corporation shall be assessed at their full cash value, except to the extent that that value is represented in

property which is assessable and taxable to ~~such~~ the bank or banking corporation in this state, and shall be taxable to the owners of ~~such~~ the shares in the county, school district, city, town, or place where ~~such~~ the bank or banking corporation is located ~~and not elsewhere~~, whether ~~or not~~ the owners of ~~such~~ the shares are residents of such county, school district, city, town, or place.

(3) The cashier or secretary of any ~~such~~ bank or banking corporation shall furnish to the department or its agent, upon demand, the name of each stockholder with his residence and the number of shares belonging to him at the close of business on December 31 of the preceding year~~,~~ ~~and if such~~ If the cashier or secretary, for more than ~~five~~ 5 days after ~~such~~ the demand, ~~shall fail~~ fails to furnish such information, he ~~shall be~~ is guilty of a misdemeanor and the department or its agent may obtain ~~such~~ information from any other available source~~,~~ ~~and for such purposes shall have access to~~ or from the books of ~~such~~ the bank or banking corporation. For convenience, the assessment of ~~such~~ the shares shall be entered on the personal property assessment list under the name of the bank or banking corporation concerned, but in the assessment list the names of the owners of such shares shall be set forth and the number of shares owned by each~~,~~ ~~and such~~ the assessment, when so entered, ~~shall have~~ has all the force and effect as if made

in the names of the owners of ~~such~~ the shares individually. The bank or banking corporation in which ~~such~~ the shares are owned ~~shall be~~ is liable for the payment of taxes assessed against ~~such~~ the shares, and ~~such~~ the taxes ~~shall be~~ are payable by and ~~may be~~ collected from ~~such~~ the bank or banking corporation in the same manner and under the same penalties as other taxes~~;~~, ~~provided that such~~ The bank or banking corporation may recover from ~~such~~ the owners of shares any taxes ~~so~~ paid on ~~such~~ the shares~~,~~ and ~~shall have~~ has a lien therefor upon ~~such~~ the shares and upon any dividends accrued or to accrue thereon."

Section 51. Section 84-4701, R.C.M. 1947, is amended to read as follows:

"84-4701. Limitation on amount of tax for municipal purposes -- distribution of funds -- levy for ~~park~~ parks, swimming pools, playgrounds, youth centers, and other purposes. The amount of taxes to be ~~assessed and~~ levied for general municipal or administrative purposes in cities and towns ~~must~~ may not exceed ~~two and four tenths (2.4%) per centum on the per centum~~ 2.4% of the ~~assessed~~ taxable value of the ~~taxable~~ property of the city or town~~;~~ subject to taxation. ~~and the~~ The council or commission in each city or town may distribute the money collected into ~~such~~ the funds ~~as are~~ prescribed by ordinance~~;~~, ~~provided, that for~~ for the purpose of procuring, equipping, and maintaining public

parks, swimming pools, skating rinks, playgrounds, civic centers, youth centers, museums, and combinations thereof, the council or commission in any city or town may ~~assess and~~ levy, in addition to the ~~said~~ levy for general municipal or administrative purposes, an amount not exceeding ~~seven (7)~~ mills on the dollar on the ~~per centum of the assessed~~ taxable value of the ~~taxable~~ property to be taxed of the city or town."

Section 52. Section 84-4701.2, R.C.M. 1947, is amended to read as follows:

"84-4701.2. Maximum rate of all-purpose levy. ~~Notwithstanding the provisions of the statutes of Montana to the contrary~~ (1) Except as provided elsewhere, the cities and towns of the state of Montana may make an all-purpose annual levy upon the ~~assessed~~ taxable value of all the ~~taxable~~ property in ~~such~~ the cities and towns, subject to taxation for municipal purposes in lieu of the multiple levies now authorized by statute. The total of ~~such~~ the all-purpose levy ~~shall~~ may not exceed ~~sixty-five (65)~~ mills on the dollar~~,~~ ~~which~~ This levy ~~shall~~ may not include any levies necessary for bonded indebtedness, judgments, or special improvement district revolving [illegible] of municipalities, which levies may be made in addition to all-purpose levy as provided in sections 84-4701.1 and 84-4701.6. The moneys received from ~~such~~ the all-purpose

levy shall be accounted for in a common fund known as the all-purpose general fund.

(2) An amount not to exceed ~~five per centum (5%)~~ of the moneys received from and as a part of the all-purpose levy aforesaid may be placed in a separate fund known as the capital improvement program fund to be earmarked for the replacement and acquisition of property, plant, or equipment costing in excess of ~~five thousand dollars ($5,000)~~ with a life expectancy of ~~five (5)~~ years or more~~;~~, provided that a capital improvement program has been formally adopted by city or town ordinance.

(3) The moneys held in the capital improvement program fund shall, whenever possible, be invested in savings or time deposits in a state or national bank insured by the federal deposit insurance corporation or in direct obligations of the United States government and credited back to the fund plus interest earned."

Section 53. Section 84-4713, R.C.M. 1947, is amended to read as follows:

"84-4713. Taxes in cities and towns ~~which~~ that have exceeded the statutory limit of indebtedness. All taxes ~~heretofore~~ levied and collected, or to be collected for municipal and administrative purposes by any city or town, in which the indebtedness ~~of which~~ equals or exceeds the limit ~~provided~~ allowed in statute, may be used in payment of

current expenses during the fiscal year for which ~~said~~ the taxes were levied, ~~the same~~ as ~~though~~ if a special levy had been made for each of ~~said~~ the purposes. ~~And the~~ The council of any such city or town ~~is hereby authorized to~~ may designate the amount of ~~said~~ the general levy applicable to each of ~~said~~ the purposes~~;~~, ~~and the~~ The amount so designated ~~shall constitute~~ constitutes a special fund for the special purpose of paying the expenses incurred for ~~such~~ the purpose~~;~~, ~~and such~~ The expenses shall be payable out of ~~such~~ the fund and not otherwise~~;~~, ~~provided, that~~ However, the aggregate of all taxes authorized for general municipal and administrative purposes ~~shall~~ may not exceed ~~one and one-half per cent~~ 5 1/2% annually ~~upon~~ of the ~~per centum of the assessed~~ taxable value of all ~~taxable~~ property subject to taxation in such city or town."

Section 54. Section 84-5103, R.C.M. 1947, is amended to read as follows:

"84-5103. Taxation of credits of insurance companies -- other property. All property other than credits of insurance companies required by law to have and maintain a legal reserve for the protection of policyholders shall be assessed, classified, and taxed as other property of like character. Credits, including evidence of indebtedness secured by mortgages, less legal reserves for the protection of policyholders and other indebtedness, shall be classified

and taxed on the basis of ~~thirty per centum (30%)~~ of ~~full cash~~ market value as thus ascertained."

Section 55. Section 84-5211, R.C.M. 1947, is amended to read as follows:

"84-5211. Limitation of levies -- livestock moneys. The amount of ~~such~~ the levy ~~shall~~ may not in any event exceed ~~two (2)~~ mills upon the ~~assessed valuation~~ taxable value of sheep and ~~three (3)~~ mills upon the ~~assessed valuation~~ taxable value of other livestock~~,~~ ~~which shall be levied~~ The levy is raised to aid in the payment of the general ~~expense~~ expenses of the brands-enforcement functions of the department of livestock, including salaries, office ~~expense~~, detective ~~expense~~, ~~expense of~~ prosecution, travel, and all incidental ~~expense~~,expenses. ~~and a~~ A separate levy ~~of~~ not ~~exceeding~~ to exceed ~~three (3)~~ mills on all livestock may be raised for the use of the animal health functions of the department of livestock ~~to be~~ and placed in ~~the~~ an earmarked revenue fund for the payment of indemnity for animals slaughtered, and for salaries and expenses incurred in investigating, controlling, and suppressing diseases, including expenses of quarantine and salaries and expenses incurred for such purposes, and for laboratory maintenance~~;~~ ~~provided further that~~ At the written request of the department of livestock the state treasurer and state controller~~,~~ ~~at the written request of the department of~~

~~livestock~~ shall set aside in a separate account in the earmarked revenue fund ~~such~~ any moneys as may be available and requested~~,~~ ~~which~~ The moneys ~~shall~~ may be expended only when the department of livestock determines that a livestock disease emergency exists requiring its expenditure~~,~~ ~~and they shall then be expended~~ for such purposes as the department of livestock may order and direct."

Section 56. Section 84-5214, R.C.M. 1947, is amended to read as follows:

"84-5214. Levy for bounty moneys -- use of proceeds. The department of revenue shall~~,~~ annually ~~prescribe, make~~ and levy an ad valorem tax on all livestock in the state of Montana for the purpose of protecting ~~such livestock~~ them against destruction, depredation, and injury by wild animals, whether the livestock is on lands in private ownership, in the ownership of the state, or in the ownership of the United States, including open ranges and all lands in or of the public domain. This protection may be by ~~all~~ any means of effective predatory animal destruction, extermination, and control, including systematic hunting~~,~~ and trapping ~~in planned campaigns, or otherwise,~~ and payment of bounties~~,~~ ~~against destruction, depredation and injury by wild animals, whether on lands in private ownership, in the ownership of the state, or in the ownership of the United States, including open ranges and all lands in or of the~~

public domain. The tax levy shall may not exceed in any one (1) year (a) one and one-half (1 1/2) mills on the assessed valuation taxable value of all sheep, and (b) one (1) mill on the assessed valuation taxable value of other livestock. The moneys received from such the tax levies shall be transmitted monthly with other taxes for state purposes, by the county treasurer of each county, to the state treasury, and be by the The state treasurer placed in and to the credit of the shall place the money in an earmarked revenue fund (with the other moneys in that fund under the provisions of section as provided in 46-1901), and such The moneys shall thereafter be paid out only on claims duly and regularly presented to the department of livestock, and thereafter approved by said the department, in accordance with the law applicable either to claims for bounties, when such claims are approved, or to claims for other expenditures necessary and proper for predatory animal control by other means and methods other than payment of bounties, as may be determined by the department of livestock. All such the moneys shall be available for the payment of bounty claims and for expenditures in and for planned, seasonal, or other campaigns directed, or operated by the department in cooperation with other agencies, for the systematic destruction, extermination, and control of predatory wild animals, as may be determined by the

department and the its advisory committee thereto. No claims shall may be approved in excess of moneys available for such purposes, and no warrants shall may be registered against such the moneys."

Section 57. Section 84-5216, R.C.M. 1947, is amended to read as follows:

"84-5216. Tax levy for bounties on predatory animals. Whenever the owners, or agent, or agents of such the owners, representing fifty-one per cent 51% of the livestock of any county in this state shall present a petition to the board of county commissioners of such county, asking for the levy of a tax upon the livestock of such the county for the purpose of paying bounties on predatory animals killed in such the county, it shall be is the duty of such the board of county commissioners to make such the levy, which shall may not exceed ten 10 mills on the dollar on of the assessed valuation taxable value of all livestock in such the county, which The tax shall be assessed and collected in the same manner as all other state and county taxes."

Section 58. Section 84-5406, R.C.M. 1947, is amended to read as follows:

"84-5406. Assessment of royalties. Upon receipt of the list or schedule setting forth the names and addresses of any and all persons, corporations, and associations owning or claiming royalty, and the amount or amounts paid or

yielded as royalty to ~~such~~ the royalty owners or claimants during the year for which ~~such~~ the return is made, the ~~state~~ department of revenue shall proceed to ~~the assessment of all such~~ assess and tax the royalties~~, and shall assess the same at the full cash value of the money or product yielded during such preceding calendar year, and the same shall be taxed~~ on the same basis as net proceeds of mines are taxed as provided by ~~section 84-304~~ 84-301.12."

Section 59. Section 84-6008, R.C.M. 1947, is amended to read as follows:

"84-6008. Assessment of personal property brought into the state — exceptions. (1) Property in the following cases is subject to taxation and assessment for all taxes levied that year in the county in which it is located:

(a) ~~Any~~ any personal property, including livestock, brought, driven, or coming into this state at any time during the year ~~which~~ that is used in the state for hire, compensation, or profit;

(b) ~~or if the~~ property whose owner and/or ~~the~~ user ~~of the property~~ is engaged in gainful occupation or business enterprise in the state; or

(c) the property ~~otherwise~~ which comes to rest and becomes a part of the general property of the state~~, shall be subject to taxation and shall be assessed for all taxes levied or leviable for that year in the county in which the same shall thus be~~,

(2) The taxes on this property are levied in the same manner and to the same extent, except as ~~hereinafter~~ otherwise provided, as though ~~such~~ the property had been in the county on the regular assessment date~~;~~, provided that ~~such~~ the property has not been regularly assessed for the year in some other county of the state~~;~~.

(3) ~~provided further that nothing herein contained~~ Nothing in this section shall be construed ~~into authority~~ to ~~assess or~~ levy ~~any~~ a tax against ~~any~~ a merchant or dealer within this state on goods, wares, or merchandise brought into the county to replenish the stock of ~~such~~ the merchant or dealer, in addition to the tax levied against the inventory of said merchant or dealer on the regular assessment date~~;~~.

(4) ~~provided further that this act~~ This section shall not apply to motor vehicles brought, driven, or coming into this state by any nonresident, migratory, bona fide agricultural workers temporarily employed in agricultural work in Montana ~~where said~~ if the motor vehicles are used exclusively for transportation of agricultural workers.

(5) Agricultural harvesting machinery classified under ~~Class 2~~ class two, ~~section 84-301, R.C.M. 1947~~, licensed in other states, and operated on the lands of persons other than the owner of the machinery, under contracts for hire

shall be subject to a fee, in lieu of taxation, of ~~thirty-five dollars ($35)~~ per machine for a ~~sixty (60)~~ day period. ~~Such~~ The machines shall be subject to taxation under ~~class 2~~ class two only if they are sold in Montana."

Section 60. Section 84-6102, R.C.M. 1947, is amended to read as follows:

"84-6102. United States property held under contract of sale--assessment at full value. When ~~such~~ the property is held under a contract of sale or other agreement whereby ~~on certain~~ upon payment ~~or payments~~ the legal title is or may be acquired by ~~such~~ the person, corporation, or association, ~~such~~ the real property shall be assessed and taxed as ~~for the full value thereof~~ defined in 84-301.5, 84-301.6, 84-301.8, 84-301.9, 84-301.11, 84-301.15, or 84-401 without deduction on account of the whole or any part of the purchase price or other sum due on ~~such~~ the property remaining unpaid~~, provided, that the~~ The lien for ~~such~~ the tax ~~shall neither~~ may not attach to, impair, ~~nor~~ or be enforced against any interest of the United States in ~~such~~ the real property."

Section 61. Section 84-6103, R.C.M. 1947, is amended to read as follows:

"84-6103. United States property held under lease -- assessment at value of leasehold. When ~~such~~ the property is held under lease, ~~or~~ other interest, or estate therein less

than the fee, except under contract of sale, ~~such~~ the property shall be assessed and taxed as for the ~~true cash~~ value as defined in 84-301.2 through 84-301.15 and 84-401 of such leasehold, interest, or estate in ~~such~~ the property and the lien for ~~such~~ the tax shall attach to and be enforced against only the leasehold, interest, or estate in ~~such~~ the property~~, provided, that where~~ When the United States authorizes the taxation of ~~such~~ the property for the full assessed value of the fee thereof, ~~such~~ the property shall be assessed for ~~such~~ full assessed value, as defined in 84-401."

Section 62. Section 84-6205, R.C.M. 1947, is amended to read as follows:

"84-6205. Assessment of royalties. The amount of royalty received shall be considered net proceeds to the recipient and shall be assessed as follows: ~~Upon~~ upon receipt of the lists or schedules setting forth the names and addresses of any and all persons owning or claiming royalty, and the amount ~~or amounts~~ paid or yielded as royalty to such royalty owners or claimants during the year for which such return is made, the ~~state~~ department of revenue shall proceed to ~~the assessment of all such royalties, and shall~~ assess and tax the same ~~at the full cash value of the money or product yielded or accrued during~~ ~~such preceding calendar year, and the case shall be taxed~~ as

net proceeds of mines."

Section 63. Section 84-6407, R.C.M. 1947, is amended to read as follows:

"84-6407. Transmission of statement of amount apportioned to counties. On or before the second Monday in July, the department shall apportion ~~such~~ the assessment to the counties in or through which the airline operates. The county assessor must enter the amount of the assessment apportioned to the county in the column of the assessment roll or book which shows the total value of all property for taxation in the county. The assessment shall be assigned to class ~~7~~ seven ~~having a taxable value of forty per cent (40%) of assessed value~~."

Section 64. Section 84-7403, R.C.M. 1947, is amended to read as follows:

"84-7403. Tax treatment of certain energy-related investments. (1) Upon application by a taxpayer, approved under ~~section~~ 84-7408, a capital investment by the taxpayer in a recognized nonfossil form of energy generation shall be treated by the department of revenue as:

(a) property exempt from taxation, to the extent the ~~appraised~~ assessed value of the investment does not exceed ~~one hundred thousand dollars ($100,000)~~; or

(b) class seven property, as defined in ~~sections 84-301 and 84-302~~, 84-301.8 for such portion of the

~~appraised~~ assessed value of the investment that exceeds ~~one hundred thousand dollars ($100,000)~~.

(2) Upon application by a taxpayer, approved under ~~section~~ 84-7404, a capital investment in a building by the taxpayer for an energy conservation purpose shall be treated by the department of revenue as class eight property, as defined in ~~sections 84-301 and 84-302~~ 84-301.9, to the extent the ~~appraised~~ assessed value of the investment does not exceed ~~twenty percent (20%)~~ of the ~~appraised~~ assessed value of the building in which the investment is made."

Section 65. Section 84-7513, R.C.M. 1947, is amended to read as follows:

"84-7513. Valuation of commercial land. After classification as commercial, land, whether occupied or not, ~~shall~~ may not change in value for tax purposes unless it meets or is governed by the following provisions:

(1) Class A -- open undeveloped land. Open undeveloped land within the boundaries ~~set as~~ of designated commercial land which has value and is not designated for usage as a parking area or park, and developed as such within ~~two (2)~~ years from the effective date of this act, shall be subject to taxation in the following method (after the ~~two (2)~~ year grace period):

1st year taxation -- 1% over valuation existing at the beginning of the ~~said two (2)~~ years;

2nd year taxation — +2% over the previous year's valuation;
3rd year taxation — +10% over the previous year's valuation;
3-5 years taxation — +20% over the previous year's valuation;
over ~~five~~ 5 years — +30% over the previous year's valuation.

(2) Class B — existing improved land. All land in a commercial class shall remain in the same taxable base until expanded or remodeled. No expansion or remodeling ~~shall~~ may occur without approval of the governing body. Upon remodeling or improving, it shall receive a reduction in valuation in the amount of its valuation change which shall apply as a reduction in valuation of the property for a period of ~~five (5)~~ years, commencing in the amount of the cost of remodeling or improving in the first year and reducing in an amount of ~~twenty percent (20%)~~ per year for each remaining year thereafter.

(3) Class C — existing improved land. Existing structures and buildings shall be frozen in their existing tax base for a period of ~~ten (10)~~ years, unless remodeled, where section 12(1)(a) shall apply. If not remodeled after ~~ten (10)~~ years, the following shall apply:

Age of structure in years	Tax increase according to the years since remodeled last			
	1-5 years	5-10 years	10-15 years	15 years and over
10-12	1%	2%	4%	5%
12-15	2%	4%	6%	8%
15-20	4%	8%	12%	16%
21-25	10%	12%	16%	18%
26-30	15%	18%	20%	24%
31-40	25%	28%	30%	35%
40-50	40%	45%	50%	60%
50-Over	50%	60%	75%	100%

(4) Class D — new improved land.

(a) The construction cost and land cost of any commercial development within a classified commercial or residential area ~~shall~~ may not be taxed for its construction period.

(b) Following the nontaxable period the total cost of land and improvements developed as new commercial property shall be taxed as follows:

Commercial land location	Taxable schedule
(i) Land within and extending ~~nine hundred (900)~~ feet beyond that area designated by the governing authority as the central business district of a community.	Improvements shall be taxed in additional increments as follows: ~~A ten percent (10%)~~ increase in ~~valuation~~ assessed value per year until a total value for tax purposes is ~~one hundred percent (100%)~~ of assessed value.

(ii) Land from that designation under subsection (4) (b) (i) to the corporate boundary or city limits.

(iii) Land lying from the corporate boundary to the ~~four-and-one-half (4-1/2)~~ 4 1/2-mile limit.

(iv) Land lying beyond the ~~four-and-one-half (4-1/2)~~ 4 1/2-mile limit.

Improvements shall be taxed in additional increments as follows: A ~~thirty-three-and one-third-percent (33 1/3%)~~ increase in ~~valuation~~ assessed value per year until a total value for tax purposes is ~~one-hundred percent (100%)~~ of assessed value.

An increase in taxes over the normally assessed value of ~~ten percent (10%)~~ per year for a period of ~~ten~~ 10 years unless given a waiver by the governing authority.

An increase in taxes over the normally assessed value of ~~twenty-five-percent (25%)~~ per year for ~~fifteen (15)~~ years unless given a waiver by the governing authority."

Section 66. Section 89-3403, R.C.M. 1947, is amended to read as follows:

"89-3403. Definitions. As used in this act, unless the context clearly indicates otherwise:

(1) "~~District~~ district" means a conservancy district, which is a public corporation and a political subdivision of the state~~.~~;

(2) "~~Directors~~ directors" means the board of directors of a conservancy district~~.~~;

(3) "~~Elector~~ elector" means a person qualified to vote under section 89-3423~~.~~;

(4) "~~Court~~ court" means the district court of the judicial district in which the largest portion of the taxable valuation of real property of the proposed district is located and within the county in which the largest portion of the taxable valuation of real property of the proposed district is located within the judicial district~~.~~;

(5) "~~Person~~ person" means a natural person; firm; partnership; ~~co-operative~~ cooperative; association; public or private corporation, including the state of Montana or the United States; foundation; state agency or institution; county; municipality; district or other political subdivision of the state; federal agency or bureau; or any other legal entity~~.~~;

(6) "~~Department~~ department" means the department of

natural resources and conservation provided for in Title 82A, chapter 15~~,~~;

(7) "~~Board~~ board of supervisors" means the board of supervisors of the soil and water conservation district in which the largest portion of the taxable valuation of real property of the proposed district is located~~,~~;

(8) "~~Works~~ works" means all property, rights, easements, franchises, and other facilities including~~,~~ but not limited to~~,~~ land, reservoirs, dams, canals, dikes, ditches, pumping units, mains, pipelines, waterworks systems, recreational facilities, facilities for fish and wildlife, and facilities to control and correct pollution~~,~~;

(9) "~~Cost~~ cost of works" means the cost of construction, acquisition, improvement, extension~~,~~ and development of works, including financing charges, interest~~,~~ and professional services~~,~~;

(10) "~~Applicants~~ applicants" means any person residing within the boundaries of the proposed district making a request for a study of the feasibility of forming a conservancy district~~,~~;

(11) "~~Notice~~ notice" means publication at least once each week for ~~three (3)~~ consecutive weeks in a newspaper published in each county~~,~~ or~~,~~ if no newspaper is published in a county, a newspaper of general circulation in the county~~,~~ or counties~~,~~ in which a district is or will be

located. The last published notice shall appear not less than ~~five (5)~~ days prior to any hearing or election held under this act~~,~~;

(12) "~~Owners~~ owners" are the person or persons who appear as owners of record of the legal title to real property according to the county records whether such title is held beneficially or in a fiduciary capacity, except that a person holding a title for purposes of security is not an owner nor ~~shall~~ may he affect the previous title for purposes of this act~~,~~;

(13) "~~Taxable~~ taxable valuation" ~~shall mean~~ is the ~~valuation determined according to section 84-303, R.C.M. 1947,~~ value as defined in 84-401 and does not mean assessed valuation."

Section 67. Repealer. Sections 69-3923, 84-301, 84-302, 84-304, 84-305, 84-307, and 84-308, R.C.M. 1947, are repealed.

-End-

STATE OF MONTANA

REQUEST NO. 40-77

FISCAL NOTE

Form BD-15

In compliance with a written request received January 10, 19 77, there is hereby submitted a Fiscal Note for House Bill 70 pursuant to Chapter 53, Laws of Montana, 1965 - Thirty-Ninth Legislative Assembly. Background information used in developing this Fiscal Note is available from the Office of Budget and Program Planning, to members of the Legislature upon request.

DESCRIPTION OF PROPOSED LEGISLATION

This bill is an act to clarify the property tax system by generally revising and recodifying sections relating to property classification and taxation and by establishing market value as the basis of taxation, except for certain cases, and adjusting the taxable percentage.

ASSUMPTIONS

All administrative costs involved in changing to the new system would be absorbed.

FISCAL IMPACT

No change. The percentages of market value in the proposed law at which various items of property are taxed were selected to reflect current practice. Since this is the case the state's tax base should be preserved under the proposed law and there should be no effect on revenue to the state.

EFFECT ON COUNTY OR OTHER LOCAL REVENUE

There should be no effect on local revenues since local tax bases are preserved.

TECHNICAL NOTES

1. There doesn't seem to be any reason other than historical precedent for not consolidating sections 3 and 4 of the proposed legislation. The same is true of sections 6 and 8. If this were done section 11 (1)(b) would have to be amended to read "seven preceding classes" rather than "nine preceding classes" and the remaining classes would have to be renumbered.
2. Section 84-301.12 (1) and (2) do not, strictly speaking, make sense because (1) indicates that the only item of property in class eleven is "the annual net proceeds of all mines" while (2) indicates that class eleven property "is taxed at 100% of its annual net proceeds" leading to the conclusion that annual net proceeds are to be taxed at 100% of their annual net proceeds. The same sort of criticism also may be made of sections 13 and 14. Following are suggested changes:

   84-301.12 Class eleven property - description - taxable percentage. (1) Class eleven property includes the value of the net product of all mines and mining claims, except coal mines, calculated from the value of the gross product of such mines by deducting the expenses specified and allowed by 84-5403.

(Continued on page 2)

RLZ for

BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 1-12-77

STATE OF MONTANA

REQUEST NO. 40-77

FISCAL NOTE

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(Page 2)

(2) Class eleven property is taxed at 100% of its assessed value.

84-301.13 Class twelve property - description - taxable percentage. (1) Class twelve property includes the value of the gross product of underground coal mines.
(2) Class twelve property is taxed at 33 1/3% of its assessed value.

84-301.14 Class thirteen property - description - taxable percentage. (1) Class thirteen property includes the value of the gross product of coal mines which use the strip-mining method.
(2) Class thirteen property is taxed at 45% of its assessed value.

3. Section 65 of the proposed legislation consists of amendments to the Montana Economic Land Development Act (MELDA) found in chapter 75 of Title 84. From 84-7504(13) it can be inferred that the concept of value being used in MELDA is taxable value, thus, to insert the word "assessed" as is done on page 102 line 21, and page 102 lines 7 and 10, may alter the intent of MELDA.

(Prepared by Department of Revenue)

Richard L. Dewey

BUDGET DIRECTOR
Office of Budget and Program Planning

Date: 1-14-77

3.

TAXATION COMMITTEE

45TH Legislature

Bill No.	Subject Matter	Date In	Sponsor	Hearing Date	Committee Action	Date Out
HB 45	Implement recommendations of sub-committee; clarify property tax system; consolidate classes; lower tax rates for nonagricultural lands; effective date; etc.	1/3	Williams, Fabrega	Not heard	TABLED 3/16	
HB 47	Amending section 84-4906 to allow deduction for child & dependent care expenses	1/3	Bradley	1/7	AS AMENDED DO PASS	1/12
HB 50	Providing for suspension of implementation & utilization of reappraisals of real property until June 30, 1979; providing effective date.	1/3	Fabrega	1/14	Subcommittee AND AS SO AMENDED DO PASS	2/9
HB 51	To create a state lottery with proceeds to be returned to local governments; to be submitted to electors.	1/3	Fabrega	1/17 Cont. 1/21	DO NOT PASS	1/24
HB 60	To eliminate tax-paid decal requirement for campers; etc.	1/3	Quilici	2/2	DO NOT PASS	2/2
HB 70	To clarify property tax system by revising & recodifying property classification & taxation & by using market value as basis.	1/5	Fabrega, Moore, Williams, etc.	1/12	Subcommittee AS AMENDED DO PASS	2/17 2/21

TAXATION COMMITTEE
45TH LEGISLATURE

Chairman Rep. Herb Huennekens called the Taxation Committee to order at 8:00 a.m. January 12, 1977, in Room 434, Capitol Building, Helena, MT. All members were present.

HOUSE BILL 97

Rep. Les Hirsch, sponsor of House Bill 97 at the request of the Department of Revenue, explained this bill changes units of measurement for cement dealer's license tax from barrels to tons without changing the tax rate or amount of tax.

Jim Madison, administrator of the miscellaneous tax division of the DOR, advised "barrels" has not been used as a unit of measurement of cement for many years, and the tax law would be easier to administer if the unit of measurement were changed to tons.

HOUSE BILL 102

Rep. Warren O'Keefe introduced House Bill 102 on behalf of the department of revenue. This bill will prohibit creation of a new tax jurisdiction district after January 1 of each year to allow for easier computation of the tax levies.

Dennis Burr, DOR, stated this bill was introduced at the request of the county assessors to allow them more time to assess such properties and figure mill levies.

Dan Mizner, Executive Director of the League of Cities and Towns, opposes this bill. He asked for a determination of what a tax jurisdiction comprises. He feels that because of the short construction period in Montana projects could not be constructed when they should be if they had to wait until January 1 to request the tax be levied for their payment. See his witness statement attached.

Burr advised the department doesn't want to try to collect the tax until the following year after construction and notification. Mr. Mizner sees no reason why cities and counties cannot collect taxes on such a project whenever they get the mill levies figured.

Mr. Mizner and Mr. Burr will get together and reword House Bill 102.

HOUSE BILL 101

Rep. Dan Harrington, sponsor of House Bill 101 at the request of the department of revenue, explained HB 101 would put the state income tax allowance for political contributions in line with the federal income tax contribution allowance. The federal allowance was changed and the state wants to be in line with the federal return.

Rep. W. Jay Fabrega, sponsor of House Bill 70, gave an interesting description of taxes. He referred to the "Montana's Property Tax: a citizen's guide" published by the League of Women Voters of Montana; and to the Interim Study by the Subcommittee on Taxation "Montana's Property Taxes: Assessment and Classification". Exhibits A and A1. House Bill 70 implements the recommendations of the Interim Subcommittee on Taxation simplifying the procedure of figuring taxes. This bill will make the taxation procedure more understandable to the average taxpayer. The fiscal impact is very small - the main purpose is to increase legislative control and simplify property taxation.

HOUSE BILL 70

The subcommittee suggested that "taxable value" be substituted for "assessed value" and there is need to define these terms. All counties would have the same method of taxing property. Equity is not changed, but the formula is. Recodification changes shown are to make the term of "taxable value" standard.

Bill Sternhagen, representing Anaconda Co., advised that the proposed changes in HB 70 would greatly increase Anaconda Co.'s taxes. He left a copy of Anaconda's 1975 and 1976 tax payments. Exhibit B. He approves the concept of the bill which places the tax rate based on market value, but opposes the bill as it is presently written.

Keith Anderson, Montana Taxpayers Association, commends the concept of eliminating one step in figuring taxes, but believes class 2 property should be taxed at 7%, class 4 property at 10%. See Exhibit B1 re automobile taxes. This bill shows a 25% increase on residential property. Inflation would add to market value.

Tom Winsor, Montana Chamber of Commerce, recommends amendment of HB 70 to define "market value" as "dealer's cost" as is currently used by the DOR.

Bob Gannon, Montana Power Company, expressed his appreciation for Mr. Fabrega's presentation on HB 70. He approves the concept of the bill.

Chuck Gilder, head of the taxation department of Montana Power, sees problems with the class 2 where much more emphasis is put on automobiles, trucks, etc., and he feels that more concern should be placed on industrial machinery and construction projects, and get it to 8%. Pollution control is classified under class 7 and this would cost the Colstrip units $56,000 more.

Gene Phillips, Pacific Power & Light Co., advised HB 70 will be studied by their tax department.

Riley Childers, Montana Associated Utilities, recommends that HB 70 be amended. He believes the present language changes some classifications over a 50% increase.

Les Loble II, representing Montana Dakota Utilities, Co., and Knife River Coal Mining Co. sees some problems with class 2 and 5.

Don Eamon, Anaconda Co., opposes the bill and recommends amendment.

During discussion, the question of factors determining market value was raised.

A subcommittee was appointed: Rep. E.N.Dassinger, chairman; Reps. Les Hirsch and Elmer Severson.

HOUSE BILL 98

Rep. Fabrega, sponsor of House Bill 98, stated this bill provides a penalty on any underreported portion of inventories of 25% or the amount due on the underreported portion. It is felt the penalty in relationship to the cost of ascertaining accuracy justifies the 25% penalty. Also HB 98 is to provide an effective date of January 1, 1978, as is proposed in a suggested amendment.

Edward Nelson, Montana Taxpayers Association, neither proposes nor opposes this bill, but approves the proposed amendment wherein the penalty applies only to the underreported portion of any tax due. Suggests tying this new language to appeal and review process currently in progress.

Tom Winsor, Montana Chamber of Commerce, is neither for nor against HB 98, but recognizes problems in complying with old laws was their misapplication. The average retailer doesn't know what his tax base is. He believes the 25% penalty is too high when other penalties are much less.

Don Pratt, Montana Funeral Directors' Association, and Montana Optometric Association is neither for nor against the bill, but is concerned about the retroactivity that might be done regarding audits. Wants to know time elements and periods to which penalty applies.

Dennis Burr advised the question of auditing is not determined.

The question of what percentage is to be considered underreporting arose. A county assessor can check with the state tax return, and if an audit seems necessary, one can be made. Effective date could be after 1976.

Committee adjourned to go to an executive session.

HOUSE BILL 97 - Rep. Edward Lien made a motion to recommend that House Bill 97 DO PASS. Rep. Sivertsen moved that an amendment inserting "and" after "cement" on page 1, section 1, line 12 be made. Amendment was adopted unanimously. The DO PASS motion was unanimously adopted as amended. Rep. Fagg was absent.

HOUSE BILL 101 - Rep. Dan Harrington made the motion to recommend House Bill 101 DO PASS. Motion was adopted unanimously. Rep. Fagg was absent.

HOUSE BILL 47 - Rep. E.N.Dassinger made the motion that HB 47 be amended as shown on attached committee report. Unanimously adopted. Rep. Edward Lien moved that House Bill 47 AS SO AMENDED DO PASS. Motion was unanimously approved. Rep. Fagg was absent.

HOUSE BILL 19 - This bill was further considered and Terry Cohea is to write appropriate amendments.

A subcommittee on HB 98 was appointed - Reps. Fabrega and Lien.

Committee adjourned at 11:45 a.m.

REP. HERB HUENNEKENS, Chairman

jl

TAXATION SUBCOMMITTEE
HB 70

Rep. E. N. Dassinger, chairman of the subcommittee on HB 70, called the hearing to order at 7:00 p.m. in room 434 of the Capitol Building, January 17, 1977. Representatives Dassinger, Elmer Severson and Les Hirsch were present. The intent of HB 70 is to arrive at the same amount of tax revenue as is presently being received, but remove one step in the tax computation in order to make the taxpayer better able to understand how his taxes are figured, and to make for better administrative procedures.

Ray White, Montana Assessors Association, Bozeman, MT, advised that the use of so many percentages as is now done, makes a lot of work for assessors. The percentages used in the bill are assuming that all rules and regulations are correct. White recommends elimination of the whole classification system and putting everything into the same class, and let all properties pay the same whether it is used for paying bills or reducing debts such as LIDs. This has a lot to do with assessors as they have to run the percentages down.

Rep. Severson explained it is necessary to use the same kind of 100% figure on all products; you can't use retail value on one and wholesale on another. Rep. Dassinger advised HB 70 attempts to make appraised value and assessed values the same amount.

William Sternhagen, Anaconda Co., Helena, advised that HB 70 does change tax amounts, which it is not supposed to do.

Exhibit B shows the present classification system used by the department of revenue at the present time. It appears that to accomplish the intent of this bill more classifications will have to be added.

Jim Stephens, Montana Farmers Union, Great Falls, MT, proposed an amendment to HB 70 recommending grain at least be assessed at no more than 3.5% of its market value in class 5.

Chris Johansen, Montana Grain Elevator Association, Great Falls, opposes certain sections in the proposed bill. There are 200 grain elevators in Montana. Transportation makes problems in the amount of inventories that are shown at different times. They are very much concerned about their farmer patrons because of the large variation in grain prices even from day to day. In order to remain at the same tax, the rate should be at 3.5%.

State Senator Ed Smith questioned how an average price on grain could be arrived at since grain brings much less price in Montana because of transportation costs and protein content also makes a difference in the value of grain.

Dennis Burr, Department of Revenue, said the assessors make up and decide on values in October or November of each year by using USDA reports, taking the average and dividing by 12. It is assessed at 50% and grain is at 50%. This bill is trying to take figures down to where the legislature has some control over them instead of having rules and regulations set by the DOR or STAB.

The point of the bill is to tie into statute the 40-50-60% rates and rules, and not trying to change the rate of taxation. They want to plug HB 45 into this after classifications and rates are straightened out.

Johansen advised that if you use last years' average, you can't assess today on today's price. Mr. Sternhagen asked if this has anything to do with the average price of grain. Mr. White stated that it determines the percentage of what you are going to tax. The first year grain is not taxed because it has not been held for seven months, but it is taxed the next year it is held.

Rep. Dale Davis, Broadwater County, would like "livestock" deleted from page 3, line 15, and on page 5, lines 2 and 3, since livestock as well as grain is unduly taxed. Grain is still classified at 4.2% and livestock at 13.3%.

Ben Wake, Montana Department of Health and Environmental Sciences, Helena, advised their department will introduce legislation to clarify the language on class 7 tax classification for air pollution control equipment; specifically eliminating the word "reduce" and listing eligible air pollution control equipment.

Mr. Sternhagen advised class 7 increases to 4.2% from 2.8% in HB 70 and should be changed back into the bill at 2.8%. Pollution control facilities are in class 7 and should be changed so that it shows the previous 2.8% rate.

Dennis Burr advised that some things are different in HB 70 from the actual taxation before this bill was drafted. The bill amends a lot of sections in Title 84 and other parts of the statutes - its purpose is to get rid of administrative practices that have grown up from the department of revenue and the state board of equalization. The title of the bill does not talk about a lot of what is in the body of the bill and this must be corrected. Title 84 contains 11 different classes of tax. By using the simpler method of market value times the rate equals taxes, the taxpayer can understand his tax.

The bill doesn't try to raise the tax on grains and it won't allow a lowering of the tax either. Intent of the bill is to simply spell out market value and rate that assessors should be using to figure taxes. This bill would put this into statute instead of allowing the DOR or STAB to do it as they see fit. Some problems exist in class 5 property as it will allow reduction of land taxes. Page 6, line 1 may be an area in which a new class is in order. Page 7, lines 13-16, sections (b)(c)(d) are currently taxed at 2.8%; this bill will make this at 4.2%, doubling the tax on that class of property; a new class may be needed.

Page 15 involves agricultural land. It is listed at 12% of current value and the current practice is 12%, so it should be changed to 30% to maintain the same value of taxation as is presently in force. Page 21 - the 2 mill levy for volunteer fire departments used to be on the assessed value and is now being changed to the taxable value. The constitution levy on livestock is 6 mills and 12 is levied. This should be checked. Assessed value is higher than taxable value. Page 30, line 22 has the same type of mill levy change. This will have to be worked out with the Council.

John Lahr, Montana Power Co., Helena, advised that in looking at 10 counties with class 2 property, they see an increase to them of $2 million in taxes annually. Class 7 shows an increase annually of $57,000. Class 4, see a decrease annually of $2.3 million of actual taxes. So under this classification, we would have an annual net decrease of about $325,000 which is not the intent of the bill. He wants a copy of the new figures suggested by the subcommittee, Exhibit A, and they will see how the figures stand with them. He recommends working from an amended bill containing the proposed changes.

Other persons attending this subcommittee hearing were Gregg L. McCurdy, MACo, see his witness sheet asking for a simple, understandable method of figuring taxes; D. Eamon, suggested amending HB 70; Rod Hanson, Montana Association Utilities, is opposed to increasing taxes in codification legislation; Wilber Anderson, Vigilante Electric Cooperative, Dillon, MT, recommends amending; Paul D. Hodge, Moccasin, MT; E. W. Nelson, Montana Taxpayers Association, Helena, recommends amending; Gene Phillips, Pacific Power & Light Co., Kalispell, recommends amending HB 70.

Another meeting will be scheduled after figures proposed have been studied by interested parties and the Council.

Subcommittee hearing adjourned at 9:45 p.m.

E. N. Dassinger

REP. E. N. DASSINGER, CHAIRMAN
Subcommittee on HB 70

jl

CLASS	PROPERTY	BASIS OF ASSESSMENT	SUBCOMMITTEE PROPOSED TAX RATE	HB 70 TAX RATE	EFFECTIVE TAX RATE
1	Right of entry	Market	100	100	100
2	Annual net proceeds of all mines, with certain exceptions	Net proceeds	100	100	100
3	Annual gross of strip coal mines	Gross proceeds	45	45	45
4	Annual gross proceeds of underground coal mines	Gross proceeds	33 1/3	33 1/3	33 1/3
5	Moneyed capital & bank shares	Book value	30, 7	30, 7	30, 7
6	Agricultural land	Productive capacity	30	30	30
7	Centrally assessed utilities	Market value	16	16	16
	All other property	Market value	16	16	16
	Trucks in excess of 24 GVW	Market value	16	13	16
8	All agricultural and other tools, implements, and machinery; gas and other engines & boilers; and threshing machines & outfits except large farm machinery & tools & implements included in classes 12 & 14	Market value	13	13	14
9	Automobiles, motor trucks, and other power-driven cars & vehicles of all kinds except mobile homes & large trucks and property in class 10	Market value	13.3	13	13.3
	Livestock, poultry, and unprocessed products of both	Market value	13.3	13	13.3
	Commercial furniture & fixtures	Market value	13.3	13	13.3
10	Ski lift equipment (personal prop.)	Market value	12	13	12
	Mining & Mfg. machinery & supplies	Market value	12	12	12
	Oil & Gas field equipment machinery and supplies	Market value	12	12	12
	Camper trailer	Market value	12	13	12
	Truck camper	Market value	12	13	12

CLASS	PROPERTY	BASIS OF ASSESSMENT	SUBCOMMITTEE PROPOSED TAX RATE	HB 70 TAX RATE	EFFECTIVE TAX RATE
12	Boats	Market value	11	13	11.6
	Motorcycles	Market value	11	13	11
	Airplanes	Market value	11	13	11
	Large farm machinery	Market value	11	13	11
13	Incremental increase in the value of real estate produced by repairing, maintaining, or improving existing improvements	Market value	2.4-12	2.4-12	2.4-12
14	All property of rural electrical & telephone companies	Market value	8	13	8
	Tools & repair equipment	Market value	8	13	8
15	Any improvement on real property, a trailer affixed to land, or a mobile home & appurtenant land owned by widows, etc.	Market value	6	6	6
	A capital investment in a building for an energy conservation purpose, to the extent provided under 84-7403	Market value	6	6	6
16	Business inventories	"Dealer's cost?"	4.2	4.2	4.2
	A capital investment in a recognized nonfossil form of energy generation, to the extent provided under 84-7403	Market value	4.2	4.2	2.8
17	Unprocessed agricultural products	Market value	3.5	4.2	3.5
18	The dwelling house & the lot of 100% disabled veteran	Market value	2.8	4.2	2.8
	All property used & owned by cooperative rural electrical & cooperative rural telephone associations	Market value	2.8	4.2	2.8
	Air pollution control equipment	Market value	2.8	4.2	2.8-4.6
	New industrial equipment	Market value	2.8	4.2	2.8-4.2

TAX RATES IN HB70

Class Under Amended HB 70	Property	Effective Tax Rate	Amended HB 70 Tax Rate
1	Right of entry	100	100
2	Annual net proceeds of all mines, with certain exceptions	100	100
3	Annual gross of strip coal mines	45	45
4	Annual gross proceeds of underground coal mines	33 1/3	33 1/3
5	Moneyed capital & bank shares	30, 7	30, 7
6	Agricultural land	30	30
7	Centrally assessed utilities	16	16
	All other property	16	16
	Trucks in excess of 24 GVW	16	16
8	All agricultural and other tools, implements, and machinery; gas and other engines & boilers; and threshing machines & outfits except large farm machinery & tools & implements included in classes 12 and 14	14	13
9	Automobiles, motor trucks, and other power-driven cars & vehicles of all kinds except mobile homes & large trucks and property in class 10	13.3	13.3
	Livestock, poultry, and unprocessed products of both	13.3	13.3
	Commercial furniture & fixtures	13.3	13.3
10	Ski lift equipment (personal prop.)	12	12
	Mining & Mfg. machinery & supplies	12	12
	Oil & Gas field equipment machinery and supplies	12	12
	Camper trailer	12	12
	Truck camper	12	12
11	Real estate & improvements	12	12
12	Boats	11.6	11
	Motorcycles	11	11
	Airplanes	11	11
	Large farm machinery	11	11

13	Incremental increase in the value of real estate produced by repairing, maintaining, or improving existing improvements	2.4-12	2.4-12
14	All property of rural electrical & telephone companies	8	8
	Tools & repair equipment	8	8
15	Any improvement on real property, a trailer affixed to land, or a mobile home & appurtenant land owned by widows, etc.	6	6
	A capital investment in a building for an energy conservation purpose, to the extent provided under 84-7403	6	6
16	Business inventories	4.2	4.2
	Mobile machines used in new industry	4.2	4.2
17	Unprocessed agricultural products	3.5	3.5
18	The dwelling house & the lot of 100% disabled veteran	2.8	2.8
	All property used & owned by cooperative rural electrical & cooperative rural telephone associations	2.8	2.8
	Air pollution control equipment	2.8	2.8
	New industrial equipment, except mobile machinery	2.8	2.8
	A capital investment in a recognized nonfossil form of energy generation, to the extent provided under 84-7403	2.8	2.8

TAXATION SUBCOMMITTEE
HB 70

Chairman Rep. E. N. Dassinger called the hearing on HB 70 to order at 8:00 p.m., January 24, 1977, in room 434 of the Capitol Building, Helena. This was the second hearing on HB 70 by the subcommittee for the purpose of checking the figures proposed at the first hearing. Two exhibits were handed out, Exhibit A and B of the proposed reclassification figures.

John Lahr, Montana Power representative, Helena, said he had no questions on the proposed figures on Exhibit A, and recommended they be incorporated into HB 70.

Thomas J. O'Neill, 40 East Broadway, Butte, MT, representing Montana Power gas field production, advised that gas field equipment, machinery and supplies for their field equipment in Toole and Glacier counties are assessed in class 2. This brought up the question if this equipment was improperly assessed and classified, or whether some preceding ruling by the DOR or STAB had placed it in this classification. This is to be checked into before the subcommittee makes its report to the whole committee. Class 5 is the class this equipment probably should be in. Mr. Lahr will supply some other material in regard to gas field equipment. Dennis Burr will check on the question of proper classification in the two counties. Mr. Neill would like to discuss the matter of the casing of oil and gas wells in the process of drilling in connection with taxation.

Bill Sternhagen, 1625 11th, Anaconda, Montana, Anaconda Co, stated the bill is O.K. if it stays the way it is amended - the levies should be restored to the way they now exist in the law.

Bob Cannon, 40 E. Broadway, Montana Power representative, agrees with the proposed amendments.

Chris Johansen, Box 67, Great Falls, MT, representing the Montana Grain Elevator Association, is in favor of the subcommittee recommendations re the tax on unprocessed small grains.

Rod Hanson, Fairfield, MT, representing Montana Association Utilities, was present to see what been done by the subcommittee.

Ed Nelson, Montana Taxpayers Association, 1706 9th Ave., Helena, suggested that the present class 4, Land and Land Improvements as shown in the proposal at 12%, class 8, would be a significant increase over the present tax rates. This is reflected in the study information.

Dennis Burr advised that market value in the statute is 12% on the appraised value and that is defined as market value. They are not going to make any change in assessment of real estate improvements. Reappraisal regarding changing from 12% of market value from 40% of market and 30% rate doesn't make any difference. It was 9.6% before the new Constitution went into effect, and has

been 12% ever since; however, with no new reappraisal which will raise this tax. Believe this question has yet to be resolved. Before new values are set, there will be a fantastic amount of raised taxable value. There is a question of levying some lower rate of tax if the values are raised.

There is also a problem of checking into the Green Belt Law to make sure that it is still adequate with the raise in valuation.

Ch ~les Brown, Department of Livestock, Helena, recommends amending HB 70 on page 91, line 8, following: "and ~~three-~~, strike "3", insert "9". See his testimony attached.

Gregg McCurdy, MACo, Helena, supports HB 70 when it actually simplifies tax rates so the public can readily understand how taxes are arrived at. See testimony attached.

Hearing adjourned at 8:00 p.m.

E. N. Dassinger

REP. E. N. DASSINGER, CHAIRMAN
Subcommittee on HB 70

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TAXATION COMMITTEE
45TH LEGISLATURE

The Taxation Committee was called to order by Chairman Rep. Herb Huennekens at 8:00 a.m., February 9, 1977, in room #434, Capitol Building, Helena. All members were present except Rep. Edward Lien who was excused. Bills to be heard were HB 606, 635, 655, and 595.

Rep. Harrison Fagg, District #63, Yellowstone County, chief sponsor of HB 595, said the purpose of HB 595 is to stimulate and build new structures in a segment of a city, forming a tax increment area. The existing tax base goes county-wide. Any new taxes in the area would go strictly to the given area that had been demolished and repaired. This bill had passed through the House and Senate and signed by the Governor, but bonding companies did not like it.

HOUSE BILL 595

This bill provides for the financing of urban renewal projects through the issuance of bonds and the segregation of tax increments, calculated by the application of the tax levies of the taxing jurisdictions in which the urban renewal area is located against the difference between the actual taxable value of the area and its original taxable value. The bill has an immediate effective date.

Dan Mizner, Montana LC&T Executive Director, said bonding companies went over this bill. Billings started to use the language in the law and could not sell bonds under it, and so the bonding companies were asked to draft amendments to the law and explain where it had to be corrected to make it feasible to sell bonds. The additional taxes would go to pay off the bonds creating the new imporvements.

Lawrence Gallagher, City of Helena, Executive Director of the Urban Renewal Project in Helena, said because of over 17 projects in Helena, the tax base was increased 817% generating $13 million and would have been paid off in 13 years. Urban renewal monies helped, but this proposed tax increment process is needed to do further renewal work. The city gets involved by having land whereby the local government and private individuals can work together.

Rod Wilson, Billings Chamber of Commerce, supports HB 595, saying they are looking very closely at using this tax increment in Billings. 1,000 members met and went through the program and got wholehearted support for the whole program. The need to improve downtown is necessary to outlying areas. Highlines are a hazard in Billings and they want to use money for burying the lines.

There were no opponents.

Rep. Williams mentioned at least one bonding company will buy such bonds now. New property goes on the tax rolls at full value. New taxes go into core areas only. Revenue bonds can be sold to build buildings, but they cannot be sold to buy land. Surplus taxes over the need for bond repayment would go to the general fund.

Jim Beck, Highway Users, said there is a 2% shrinkage on diesel fuel. There are $100,000 credit allowances from bills that in each and every one is not much, but adds up to a lot of money. Some cities and towns lack sufficient paving and are driving through the mud. Motorboat users used in the neighborhood of 4 million gallons of gas. These figures have been determined by several studies.

William Olson, Montana Contractors Association, Helena, opposes HB 635, and said that by allowing $112,000 to the Fish and Game Department, matching funds of $1.12 million could be lost to the highway department.

Rep. Fagg closed saying the F&G has to have some money to fund the kind of lands they are buying. It is a question of whether you want to build a mile of road or keep people who will use the parks happy. It is a question of a road to drive down or a termination point that is pleasant. Motorboat people are using this much gas according to studies made. At present, Montana is not lacking money for matching funds, but the federal funds are not adequate to match. There are 28,000 boats in the state using approximately 150 gallons of gas per boat per year.

Discussion of funding for state parks was quite lengthy. A 'use fee' was considered, but because of physical design of the parks, they would spend almost as much collecting fees as they would receive.

Dr. Wesley Burnett said park users in Fish and Game Region 1, Kalispell, is running about 50/50. The day user is running about 90% Montana residents. At Medicine Rock and Cooney Reservoir non-residents drops to less than 1%. A use fee would hurt the day user the most.

Rep. Steve Waldron, District #97, Missoula, sponsor of HB 606, asked that this bill be tabled because of the words "wheels" and "all-terrain". They had trouble with this bill and as is, it would apply to the wrong vehicles and to the Fish and Game Department. The decal requirements for unlicensed motorcycles cannot be enforced. Supporters want some money given back to their sport. All-terrain vehicles are now taxed as described in a snowmobile bill.

HOUSE BILL 606

William C. Melby, interested ATV user, supports HB 606. See his testimony.

Rep. Waldron requested because of technicalities, that HB 606 Be Tabled in order to allow time for correcting problems with this bill. The committee approved unanimously to Table HB 606.

The committee recessed to an executive session.

HOUSE BILL 70 - This bill establishes classifications for like property for taxation purposes. Full cash value is to be market value.

Dennis Burr, DOR, commented that since it says "market value" in the law, the court will have to decide that DOR is making a reasonable attempt to comply with the law.

After a great deal of discussion, Rep. Williams moved that more study be done by a subcommittee on section (2) in conjunction with the DOR. This motion was approved.

Rep. Dassinger moved that the amendments suggested by the subcommittee be adopted. Motion carried with Rep. Sivertsen voting No.

Rep. Fabinga moved that an amendment including transformers, electric meters, etc., which are not a part of a business which is centrally assessed, be included in Class 14. This motion was unanimously adopted.

Motion was made to move Class 16 (84-7403) to Class 18 which is at 2.8%, was unanimously adopted.

Rep. Lien moved new industrial equipment, mobile equipment be set at 4.2%.

Rep. Dassinger moved that right of entry be placed in Class 1 or moved to market value.

Rep. Vincent moved that action on amendments be deferred until tomorrow. Motion carried.

Meeting adjourned at 11:30 a.m.

Herb Huennekens

REP. HERB HUENNEKENS, CHAIRMAN

Josephine Lahti

Josephine Lahti, Secretary

TAXATION COMMITTEE
45TH LEGISLATURE

Rep. Herb Huennekens, Chairman, called the Taxation Committee to order in room #434, Capitol, Helena, at 8:00 a.m., February 10, 1977. All members were present. Bills to be heard were House Bills 706 and 712.

Rep. Robert Sivertsen, District #7, Hill County, chief sponsor of HB 706, said this bill would place renovations or new buildings in Class 9 for up to 5 years, giving a tax break that would allow for payments of cost. Some of these principles are in HB 630. He would like to see this bill go whether HB 630 goes or not. This will create employment and increase buying of repair materials.

HOUSE BILL 706

This bill repeals the incremental increases in value of real estate from repair or maintenance and substitutes any additions to existing improvements, which will be taxed at 7% for five years after its completion before reverting to Class four. Thus, the effective tax rate for five years would be 2.8%.

Tom Collins, Montana Association of Realtors, Helena, said it is just as cheap to buy a new house as it is to repair an old house. Recommends that HB 706 be passed.

Tom Winsor, Montana Chamber of Commerce, supports HB 706.

Gregg McCurdy, MACo, is opposed to lowering of tax break to Class 9. See his testimony in his letter attached. Because of this tax break not being used very much, he is not too opposed to HB 706.

Rep. Sivertsen closed saying that this tax break would stimulate further building, making for more employment and other advantages. This would provide long-term benefits when the tax base would be raised.

Rep. Harrison Fagg, District #63, Yellowstone County, sponsor of HB 712, said this bill allows a wheel tax of $1.25 per wheel on vehicles whose owners live within the city limits to be levied for use in constructing and reconstructing of city streets. This tax would raise in the area of $2 million which could be matched and make a total of $18 to $20 million which would stimulate road construction or reconstruction. This would apply to anything with wheels that runs on the highway.

HOUSE BILL 712

Gregg McCurdy, MACo, is a proponent. He thinks, since the wheel tax is to be collected by the county assessor, the county assessor should be paid for collecting the tax, as the money would go for city purposes.

OPPONENTS:

Larry Tobiason, Montana Auto Association, Helena, opposes HB 712, suggesting that it be amended to put the proposed tax to a vote of the people concerned.

Earl Moritz, Highway Users, Lewistown, wants the local governing body to vote on whether the tax should be imposed. He is opposed to HB 712.

Rep. Fagg closed saying this would be a mere pittance for what it could stimulate.

The committee recessed to an executive session.

HOUSE BILL 706 - Rep. Sivertsen moved that HB 706 DO PASS. Rep. Fagg moved to replace all motions pending that HB 706 BE TABLED. This motion carried unanimously.

HOUSE BILL 70 - Rep. Dassinger made a motion to recommend HB 70 DO PASS. He further made a motion that the amendments to HB 70 as proposed be adopted. This motion was adopted unanimously. The committee wanted a reading copy of HB 70 with the proposed amendments incorporated, so no vote was taken on the motion of recommendation Do Pass.

HOUSE BILL 655 - Rep. Bertelsen moved to recommend HB 655 DO NOT PASS. Motion carried 13-1, with Rep. Dassinger voting No.

HOUSE BILL 635 - Rep. Fagg moved to recommend HB 635 DO PASS. Motion carried unanimously.

HOUSE BILL 595 - Rep. Fagg moved to recommend that HB 595 DO PASS. Motion carried unanimously.

HOUSE BILL 591 - Rep. Fabrega moved to recommend HB 591 DO PASS. Rep. Fabrega moved proposed amendments be adopted. Motion carried. Original motion was changed to HB 591 AS AMENDED DO PASS. Motion carried.

HOUSE BILL 531 - Rep. Lien moved to recommend that HB 531 DO PASS. Motion carried 9-8. There was a great deal of discussion on funding of this bill.

HOUSE BILL 389 - Rep. Fabrega moved HB 389 DO PASS. He further moved that proposed amendments be adopted. Motion to adopt carried unanimously. The original motion now read HB 389 AS AMENDED DO PASS. Motion carried with Rep. Uhde voting No.

HOUSE BILL 613 - Rep. Underdal moved to recommend HB 613 DO NOT PASS. Motion carried 13-1 with Rep. Williams voting No. Rep. Williams thinks someone should be working continuously on taxation problems.

HOUSE BILL 362 - Rep. Bertelsen moved to recommend HB 362 DO NOT PASS. Motion carried 11-3 with Reps. Vincent, Waldron, Uhde voting No.

HOUSE BILL 637 - Rep. Lien moved to recommend HB 637 DO PASS. Rep. O'Keefe moved an amendment be made allowing a deduction equal to 2% of the first 6¢ per gallon of the taxes paid by the dealer. Department of Highways estimates a rebate of $120,000 to $155,000. Rep. Williams moved action on HB 637 be deferred. This motion was approved.

45th LEGISLATIVE SESSION

COMMITTEE ON TAXATION

HOUSE BILL NO.	ENTERED COMM.	DATE CONSIDERED	OUT OF COMM.	DO NOT DATE	DO NOT PASS DATE	DO PASS AS AMEND. DATE	BE CONCURRED IN DATE	BE CONC. IN AS AMENDED DATE	BE NOT CONCURRED IN DATE
3	3/31	4/7	4/11					4/11	
13	1/12	3/3	3/3				3/3		
15	1/15	3/3	3/3				3/3		
18	1/12	3/4	3/4				3/4		
19	2/5	3/5	3/5 3/14				3/14	3/5	
20	1/12	3/5	3/5					3/5	
25	2/5	3/5	3/5					3/5	
26	1/12	3/15	3/15				3/15		
47	1/19	3/12	3/12				3/12		
47	1/19	3/12	3/12				3/12		
50	2/17	3/8 3/23	3/8 4/4-TABLED					3/8	
67	3/11	4/1 4/4	Transferred to State Admin.						
70	3/5	3/23 3/25	3/25 3/29					3/25 3/29	
73	1/15	3/17	3/18					3/18	
85	4/6	4/6	4/6					4/6	
89	2/4	3/9	3/9				3/9		

(Use Separate Sheet for Senate, House Bills, and Resolutions)

MINUTES OF THE MEETING
TAXATION COMMITTEE
MONTANA STATE SENATE

March 23, 1977

The fiftieth meeting of the Taxation Committee was called to order on the above date in Room 415 of the State Capitol Building at 8:10 a.m.

Roll Call: Roll Call found all of the members present.

The following witnesses were present:

Carter Picotte	Mont.-Dak. Utilities
Edward Nelson	Mont. Taxpayers Assoc.
Bill Sternhagen	Anaconda
Bob Gannon	Montana POWER
Don Allen	Don Allen
Gregg L. McCurdy	Mont. Assoc. of Counties
Rod Gudgel	MNHA & MSPA
Tom Winsor	Mont. C. of C.

CONSIDERATION OF HOUSE BILL 773: Rep Huennekins said his bill called for creation of a revenue oversight committee and he felt it necessary to have a functioning committee so there is closer liason with the Department of Revenue and the Legislature. He thought the Legislature could exert continued oversight on the tax situation in the state, as he believed tax was one of the most complex of the subjects the Legislature faces each session. He proposed people on the committee should have some background of experience with taxation problems.

The Chairman asked for other proponents and Mr. Groff of the D.R. said they were in full support of the bill and agree that something should be done along this line. Mr. Gudgel also spoke in support of the bill. There were no opponents present and Re. Huennekins closed, adding although the bill specified an 8-man committee, he felt a 12-man committee might be better as there are so many problems to be handled.

The committee than asked a number of questiona and it was pointed out if the bill should be passed the effective date would have to be changed so the committee could be selected and could begin work immediately. It was also mentioned that the Taxation Committee had set up such a committee in another bill and Rep. Huennekins felt the committee referred to in his bill could do both jobs.

Following this discussion, the hearing on HB773 was closed.

CONSIDERATION OF HOUSE BILL 50: This bill had once been heard in committee but had been taken back for further discussion and/or amendments. It was thought possible that if this could be worked out, adoption of legislation contained in HB50 might preclude a special session of the Legislature in November.

Sen. Fasbender discussed the amendments to the bill which indicated the D.R. could apply 1/2 of the reappraised value to state tax base. He cited figures which indicated those who were presently paying at 30% of assessed value would experience a decline, whereas those who were paying less would have a raise in their taxes. His amendments were contained in Exh. #1.

Mr. Burr of the D.R. further explained, saying there were several problems, one that the reappraisal program would not go on at all because of resistance, and two, because of the danger that local governments will not reduce mill levies even though tax bases would increase. He thought Sen. Fasbender's amendments might solve the problem.

The Chairman asked for comments on the bill and Mr. Nelson stated they have been supportive of this bill but did have some comments. He said under the prvious proposals a considerable amount of revenue would be raised and wondered about the desired % of increase.

A discussion continued on the total revenues that would be realized at 12% of current appraised value as compared to 7.5% on market values. Mr. Burr stated the D.R. is not going all the way to market value under the new appraisals; they will still be below '78 market prices.

Following, the committee asked a number of questions of the witnesses and it was mentioned that it was doubtful if mill levies would go down, despite increased valuation, as much as they would be going up. Sen. Norman asked for a statewide average % increase figure, on the basis of the figures and formulae that had been discussed previously. It was mentioned that the percentage of increase could be set wherever was desired, 5 or 6%, per year, and this could be adjusted up or down. It was stated that counties could then spend more money so there should be an upper limit so they could not increase their spending because of the increased valuation. They agreed there would be problems in seeing that county and city governments didn't abuse the increase in valuations.

Chairman Mathers then closed the hearing on HB50 in order that HB70 be heard.

CONSIDERATION OF HOUSE BILL 70: Rep. Fabrega distributed Exh. #2, and said this bill was the result of the Interim Committee on Taxation and said they had attempted to get the effective rates based on today's market values, rather than on old values adopted so many years ago. They found it most difficult to reclassify properties but felt this bill gets a step closer from market value to reappraisal value.

Chairman Mathers asked for other proponents or opponents and Mr. Gannon distributed Exh. #3, an amendment that specified inclusion of certain equipment of his company to be included in that property classification. Mr. McCurdy stated his opposition, although it was not on the overall concept of the bill. He agreed with the concept but would like a small amendment dealing with the effective date so it would go into effect the same time as the reappraisal program. He thought there was some question about the tax rates and whether they will return the amount of revenue.

Mr. Picotte said he also had an amendment, Exh. #4, which he introduced to the committee. Mr. Sternhagen spoke next and gave his support to the bill. Mr. Nelson also said he supported the concept of the bill. Mr. Cadby also introduced an amendment to the bill, see Exh. #5. Rep. Fabrega had another amendment to propose, see Exh. #6, changing the mill or assessed valuation from 1 mill to 3. Due to lengthy testimony the Chairman said he would close the hearing for the morning and the committee would resume discussion of the two bills HB50 and 70 at 12:30 p.m., today.

DISPOSITION: Sen. Towe Moved SB446, the Committee's bill on Pre-Payment Penalties, Do Pass. Sen. Watt seconded the motion and the motion carried.

Following disposition of this bill, the meeting adjourned.

WILLIAM MATHERS CHAIRMAN

HOUSE BILL 70, third reading

#3

1. Amend page 22, line 19, 20 and 21
Following: "transformers"
Strike: Remainder of line 19 and line 20 and 21 in their entirety
Insert: ", meters, and substation equipment and natural gas regulators, meters, and compressors owned by centrally assessed utilities."

#14
Picotte
mD. 11.

HOUSE BILL NO. 70

1. Amend page 18, Section 9, 84-301.9, line 18.
Following: "tools"
Strike: "and implements included in Class 14;"
Insert: ", implements and machinery included in Class 14;"

2. Amend page 22, Section 15, 84-301.15, line 19.
Strike: lines 19 through 21 in their entirety
Insert: "(c) electric transformers and meters and gas regulators and meters that are not part of the single and continuous property of a utility that is centrally assessed; and, electric light and power substation machinery, compressor station machinery, measuring and regulating station equipment, and tools used in the repair and maintenance of the property included in this subsection."

Amend House Bill 70, Third Reading copy, page 17, line 8, by striking all of the material from line 8 through and including line 12, being subparagraph "(5)" and inserting the following:

"(5) Class five property is taxed at 30 percent of its value as shown on the books of the bank and not represented by surplus; seven percent on that portion represented by a surplus as shown on the books of the bank; and provided that on that portion of any such surplus which is over and above the amount represented by the stated capital of the bank, the excess shall be subject to tax at 30 percent."

#6

AMENDMENTS TO HB70

PROPOSED BY REPRESENTATIVE FABREGA

1. Amend page 110, section 60, line 5

Following: line 4

Strike:"1 mill"

Insert;"3 mills"

MONTANA ASSOCIATION OF COUNTIES
[illegible] AVE. HELENA, MONTANA 59601 (406) 449-5209

gg L. McCurdy
. of Governmental Affairs

Exh. #7

March 23, 1977

SE BILL 70

ired Amendment:

Page 123, Line 18, Insert:

Section 71. Effective Date. This act is effective on June 30, 1978 or for fiscal year immediately following completion of the statewide reappraisal of property ducted under the provisions of Chapter 294, Laws of 1975 if such reappraisal is not pleted and acted upon by the 45th. Legislature prior to December 31, 1977.

insert Section 71 as Section 72.

MINUTES OF THE MEETING
TAXATION COMMITTEE
MONTANA STATE SENATE

March 23, 1977 pm

The fifty-first meeting of the Taxation Committee was called to order on the above date in Room 415 of the State Capitol Building by Chairman Mathers, at ~~5:10~~ 3:30 p.m.

ROLL CALL: Roll call found all the members present except Sen. Healy, excused.

The committee moved to Reconsider their Actions of 3/23 a.m. in regard to SB446, as a number of people had asked to testify on the bill. It will be posed for a public hearing this Friday.

Discussion continued on HB50, heard this morning. Chairman Mathers said the committee will try to discuss the 2 bills, HB50 and HB70, and perhaps reach a decision and take some action. The committee would have to decide on Sen. Fasbender's proposals, so the budget office will know how much revenue will be generated for the foundation program.

Sen. Fasbender again discussed his amendments and said he thought it would be much easier to work out a schedule so the effective rates would be more easily understood. He said if the overall increase in the state was 30% the new rate would be 10.615% and the schedule could be worked out for Class 4 at this rate. Mr. Nelson of the Mont. Taxpayers Assoc. said if the increase went to 50% the rate schedule would be different and thought it more important to put it in HB70. Sen. Norman said if that 30% would generate the same amount of revenue, would the committee then want to levy the taxes as they are, or would they want to increase them.

Chairman Mathers said the Department of Revenue estimates the increase to be about 30% in Class 4 and 50% of that total increase would be about 15%. The question then is how much do we want to allow the counties to increase their spending authority. Sen. Watt said the Legislature had passed a number of bills reducing revenues to local governments and so felt the Legislature should do something to help them. Mr. Burr of the D.R. stated the taxable value is pretty much 50% personal and 50% real property and if the real property goes up 40% you would lower mill levies and this would change the proportion with increased taxes on real property, thus throwing the tax structure into an imbalance.

Mr. Sternhagen of the Anacoda Co., said he felt there is a need for a thorough study on the entire taxation problem. Mr. Nelson said if you let reappraised values go on the books and don't do anything about the level of valuation, you vilate what is being done in HB70. Chairman Mathers said if there is another study, new home owners, now being taxed under the new appraisal rates, will continue to pay higher taxes for 2 more years. Mr. Burr stated that much property is over-assessed, as in some areas of a town that are deteriorating, some of the older houses there are over-

assessed.

Chairman Mathers then attempted to phrase the questions the committee faces, asking for a voice vote on their preference: Whether they wished to go with HB50 and adopt this bill with an interim committee working on the problem and the Legislature must then come back in November and pass legislation, as Proposal #1.

Or Proposal #2, if they wished to establish a percentage agreeing to whatever other new special reappraisal program, establish that percentage in the law now and not have to come back, to proceed with the study and make the determination on what rate of taxes should be specified in one of the bills.

In the voting there were 3 votes for Proposal #1 and 6 votes for Proposal #2. (Note absence of Sen. Healy).

Sen. Watt moved that Chairman Mathers and Sen. Fasbender work with the D.R. and prepare a plan based on modivications of 70% and have ready for the committee, taking also into consideration Sen. Turnage's proposal, regarding limiting local governments to 105% of their previous year's budget.

The committee planned to resume discussion on these bills on adjournment Thursday.

W Mathers

WILLIAM MATHERS CHAIRMAN

The committee then took up HB722 and SB211, both bills previously heard and discussed with amendments proposed for both. Sen. Towe said he would like to work on HB722 as he thought it could be supported as well as SB211. He also proposed the committee take action on SB211 before time deadline for Senate bills. He distributed an amendment of Sen. Turnage, see Exh. #1, and explained it briefly. There followed discussion and Sen. Watt asked how long the tax would continue. The point was made that the land that is actually owned would not be taxes by this bill; only holders of mineral interests to the land. Further, if holders of such interests did not believe there were minerals under the land, they would not be willing to pay such tax and the interests could then be sold to the surface owner. In similar cases, the surface owner has purchased all the rights to his land from such holders, particularly if the land is not judged to hold minerals.

DISPOSITION: Sen. Towe Moved SB211 Do Pass, as Previously Amended. The motion carried by a 6-4 vote, see roll call vote.
The amendments discussed at this meeting will be made from the floor as Committee of the Whole amendments.

DISPOSITION: Sen. Towe then Moved the amendments to HB722 in Exh #1, as introduced by Rep. Hirsch, on 3/21. Motion carried.
Sen. Turnage then Moved HB722 As Amended, Be Not Concurred In. The motion carried by a 6-4 roll call vote.

Discussion then went to HB50, 70 and 773 and the Chairman asked the committee their opinions if they wished to go with 773 or with 50 and amend it so after the study the tax committee can then function as an Interim Committee on Taxation.

Sen. Watt then presented several amendments to HB324; Sen. Towe also propsed an amendment.

DISPOSITION: Sen. Goodover Moved HB324 Be Not Concurred In. A roll call vote was taken which resulted in a 5-5 tie, so the bill goes out As Amended, WITHOUT RECOMMENDATION.

Following disposition of this bill, the committee adjourned.

Mathers-Key.

WILLIAM MATHERS CHAIRMAN

CHANGE IN CLASSIFICATION SYSTEM TO ALLOW 10% OF THE INCREASE IN VALUE AS A RESULT OF REAPPRAISALS TO BECOME PART OF THE TAX BASE

Average Appraisals Increase	WITH HB 70	WITHOUT HB 70
20%	10.2	25.5
21	10.13	25.31
22	10.05	25.13
23	9.98	24.95
24	9.91	24.78
25	9.84	24.60
26	9.77	24.43
27	9.70	24.25
28	9.64	24.10
29	9.57	23.93
30	9.51	23.78
31	9.44	23.60
32	9.38	23.45
33	9.32	23.30
34	9.26	23.15
35	9.20	23.00
36	9.14	22.85
37	9.08	22.70
38	9.03	22.58
39	8.97	22.43
40	8.91	22.28
41	8.86	22.15
42	8.81	22.03
43	8.75	21.88
44	8.70	21.75
45	8.65	21.63

MINUTES OF THE MEETING
TAXATION COMMITTEE
MONTANA STATE SENATE

March 24, 1977pm

Chairman Mathers opened this fifty-third meeting of the Taxation Committee at 5:05 p.m. on the above date in Room 415 of the Capitol Building. Roll call found all present but Sens. Healy and Roskie.

Mr. Burr of the Department of Revenue distributed Exh. #1, contining schedules showing the changes in classification system to allow various percentages of increase in value resulting from the reappraisals of the state. He went through the schedules that had been prepared for various percentages and attempted to explain the system by which the taxes would be increased and/or decreased.

The Chairman then permitted questions and there followed a general discussion. Rep Fabrega was present as was Sen. Fasbender and they joined in the discussion. Mr. Burr said a house that is properly appraised should see a decrease in taxes, whereas a house under-appraised may see an increase. Rep. Fabrega said he favored the schedule on page 1 of the exhibit over that on page 2, as the former allows only a 10% increase of the revaluation. Some input was heard from Mr. Nelson of the Mont. Taxpayer's Assoc., as well. He had worked out a schedule for HB50 using a 9.23 multiplier, and stated any multiplier could be used.

Discussion also touched on the present 50-50 balance between real and personal property insofar as the tax dollar is concerned and it was brought out they would like to keep this balance as near this proportion as possible. Mr. Groff of the D.R. was also present and said by setting such a schedule the committee must decide how much public services should cost a homeowner, how much of his tax dollar should go toward these services.

Sen. Turnage Moved the committee Adopt the Schedule on page 1 of Exh. #1. His motion carried unanimously.

It was thought it should be made permissable that cities, counties have 105% of their last year's budget, also that the legislation should continue for 2 years only, so the 1979 Legislature would have to act on the law. An amendment was suggested to read as follows: "Any unit of local government may exceed their statutory mill levies if necessary to obtain funds equal to 105% of the previous year's budget."

The committee then moved for adjournment, with plans to further discuss HB50, 70 and 773 at the next meeting.

WILLIAM MATHERS CHAIRMAN

MINUTES OF THE MEETING
TAXATION COMMITTEE
MONTANA STATE SENATE

March 26, 1977

The fifty-fifth meeting of the Taxation Committee was called to order on the above date at 8:10 a.m. by Chairman Mathers.

ROLL CALL: Roll call found Sens. Towe, Brown and Roskie absent, excused.

The following witnesses were present:

Carter Picotte	M.D.U.
Walter G. Taylor	Missoula Sr. Citizen
George Nig McGrath	Silver Bow County
Gregg L. McCurdy	Mont. Assoc. of Counties
Bob Gannon	Montana Power

CONSIDERATION OF HOUSE BILL 215: Rep. Palmer said this was an act to revise eligibility for Class 8 property. He said the bill gives the inflationary rate to the requirement and provides some relief to those most in need of such tax breaks. Mr. Taylor spoke also as a proponent of the bill, as amended. He said he felt this modest increase in the income of those meeting requirements was in line with the inflationary times. Mr. Field, city manager of Helena, said he was also strongly supportive of the bill as he felt senior citizens in particular needed a tax break. Mr. McGrath too was in support of the bill and said many people are just getting by and he knew that other county assessors throughout the state are supporting this measure as well, as they know many people who do need this kind of a break.

Mr. McCurdy said he must oppose the legislation only because it is another way of chinking away at property taxes for local government units.

The Chairman called for other proponents or opponents and permitted Rep. Palmer to close his testimony. Rep. Palmer said he realized this bill will take some money out of local governments, but he did feel this was a modest request. He said he hated to cause erosion of the tax base of the local governments, but did feel this was a segment of the population that needed help. Many older people have had to sell their homes because of taxes, homes in which they had lived for many years, and he did feel there was justification in his bill if it would help these individuals save their homes.

Chairman Mathers opened the meeting for questions and the Fiscal Note was referred to, a revised F.N., in an effort to determine the cost of such legislation. Following this discussion, the hearing on HB215 was closed.

CONSIDERATION OF HOUSE BILL 198: Rep. Quilici, Dist. 84, said his bill will change the method of taxing non-ferrous metals. Over a period of the last 20 years he said there have been no net proceeds tax on these metals and this bill would tax the metals instead

with an ad valorem tax on the gross proceeds in order that the county government may know what amount of tax they will receive and can plan their budgets accordingly. Mr. McGrath stated he had helped work on this bill for 3 or 4 years and thought it imperative this legislation be adopted. He said they had lost as much as 30% of taxes in a year, and thus could not set school budgets or county budgets ahead, because of the fluctuating tax. Mr. Lynch said he had no objection to raising the exemption to 20,000 tons. There is at present an exclusion for small miners, and he felt it important that these small miners be kept in mind when the committee considered this bill, and since a gross proceeds might be 'disastrous to the small miners,' he asked that the exemptions be raised.

Chairman Mathers asked for other proponents or opponents and as there were none, Rep Quilici closed stating he felt this kind of legislation would benefit the mining industry in the state. The committee then asked several questiona dn it was brought out that as the price of copper raises, valuation will raise and as production raises, the taxable values will also raise. This concluded the hearing on HB198.

The committee then discussed HB70 and the amendments prepared by Mr. Tippy. They were presented with Exh. #2, which contained some of the amendments they had considered at a previous meeting. They went through these amendments, making several minor changes, and discussed them further. Sen. Turnage proposed an amendment that would limit local governments to the amount of budget increase they could enact and this was written into the amendments as well. They felt that some local government units would need no increase at all, considering normal development and natural growth. They also moved to adopt the amendment introduced by MDU and Montana Power companies. Judge Bennett had ruled their transformers, etc., were not to be centrally assessed, according to Mr. Gannon, and in view of this they introduced Exh. #3, which the committee also adopted. Rep Fabrega also had an amendment to change the mill levy on page 110, line 5, from 1 mill to 3 mills.

Sen. Goodover Moved the Adoption of amendments in Exh. #2, including Sen. Turnage's limits on local governments' mill levy restriction of 105% of previous year's budget. His motion carried unanimously.

Sen. Turnage Moved Adoption of Montana Power, MDU amendment, page 22, lines 19 through 21. This motion carried unanimously.

Sen. Watt Moved Adoption of amendment of Rep. Fabrega, see above. The motion also carried unanimously.

Mr. Tippy then pointed out that new language would have to follow the last section before the repealer in the bill also, and he was instructed to draw up such an amendment.

Sen. Turnage asked about the duration of the amendments and it was felt necessary to amend these amendments to be sure the '79 Legislature would act so language was deleted from Exh. #2, see attached with deletion.

Sen. Turnage Moved Adoption of this Amendment. His motion carried unanimously.

DISPOSITION: Sen. Turnage then Moved HB70 as Amended, Be Concurred In. His motion was seconded by Sen. Watt and the motion carried unanimously. Note for the record the absence of Sens. Towe, Brown and Roskie.

The meeting then adjourned until Monday, March 28th.

WILLIAM MATHERS CHAIRMAN

Exh. #2 [illegible]

(1)

Class 11 Amend page 20, section 12, line 17.
Following: "value"
Insert: ", or so much of 12% as is determined under 84-309, whichever is less"

(2)

Class 15 Amend page 24, section 16, line 25.
Following: "value"
Insert: ", or in the case of property classified under (1) (b) of this section, so much of 6% as is determined under 84-309, whichever is less"

page 25 - line 7 delete this "mobile" amendment

(3)

Class 18 Amend page 30, section 19, line 11.
Following: "value"
Insert: ", or in the case of property classified under (1) (a) of this section, so much of 2.8% as is determined under 84-309, whichever is less"

(4)

Amend page 123, line 17.
Following: line 17
Insert: "Section 71. There is a new R.C.M. section numbered 84-309 that reads as follows:

"84-309. Reappraised real property -- limitation on increased appraisals -- table of taxable percentages.

(1) The director of revenue shall certify to the governor, before June 30, 1978, the percentage by which the market value of all property in the state classified under sections 84-301.12, 84-301.16 (1) (b), and 84-301.19 (1)(a) as of January 1, 1977 has increased due to the revaluation conducted under 84-429.14. This figure is the "certified statewide percentage increase."

(2) The taxable value of property in these three classes [~~for calendar years 1978 and 1979~~] is determined as a function of the certified statewide percentage increase in accordance with the following table:

Keeta

(Amend #5)

Certified statewide percentage increase	84-301.12	84-301.16 (1)(b)	84-301.19 (1)(a)

Adopted

1st column

0	
1%	11.89
2%	11.79
3%	11.69
4%	11.58
5	11.49
6	11.39
7	11.29
8	11.20
9	11.11
10	11.02
11	10.93
12	10.84
13	10.76
14	10.67
15	10.59
16	10.51
17	10.43
18	10.35
19	10.28
20	10.20
21	10.13
22	10.05

HOUSE BILL 70, third reading

Exhibit 3

1. Amend page 18, line 18.
Following: "tools"
Strike: "and implements included in Class 14;"
Insert: ", implements and machinery included in Class 14;"

2. Amend page 22, line 19 through 21.
Following: line 18
Strike: line 19 through 21 in their entirety
Insert: "(c) electric transformers and meters, electric light and power substation machinery, and natural gas measuring and regulating station equipment, meters, and compressor station machinery owned by centrally assessed public utilities, and tools used in the repair and maintenance of the property included in this subsection."

adopted

Amend page 119, line 5
Strike 1 mill
Insert: 3 mills

adopted

~~Amend page 123 & 18,19,20~~

MINUTES OF THE MEETING
TAXATION COMMITTEE
MONTANA STATE SENATE

March 29, 1977

The fifty-seventh meeting of the Taxation Committee was called to order on the above date in Room 415 of the State Capitol Building by Chairman Mathers at 8:10 a.m.

ROLL CALL: Roll call found all members present.

The following witnesses were present:

Joe A. Renders	Mont. Farmers Union
Jack C. Crosser	Dept. of Admin.
Ernest Post	Mont. State AFL-CIO
Jim Mockler	Mont. Coal Council
Fred Barrett	Employ. Sec. Division
Jerry Gonroth	Northern Ski Area
Harold Dover	Self

CONSIDERATION OF HOUSE BILL 389: Mr. Crosser introduced this bill and said the state has a law on the books which provides the state shall insure all passenger tramways or ski lifts shall be maintained in a safe condition through inspections. Such provisions provided only about $2,000 or $2,500 per year and he said this amount is not adequate to provide such inspections. If this legislation were passed it would generate about $15,000 per year and enable the Department to engage an engineer, on contract, to inspect the equipment, etc., for safety. He said several managers of ski resorts had appeared in support of the bill in the House as they feel this is the best way to accomplish this.

The Chairman asked for further proponents or opponents and there being none, permitted questions by the committee. Sen. Norman asked if there would be objection to amending the bill so the money would go into the General Fund and then be appropriated from there. Mr. Crosser said he would prefer this method. Sen. Roskie asked how the inspections had been paid for before and he was informed the lift operators had paid for the inspections. Mr. Hauck answered some questions from the committee and told them there would be no fulltime employees employed to accomplish these inspections; they are to be done by contract. Sen. Healy asked about the certified engineers, as specified in the bill. Mr. Hauck replied they are civil engineers with some experience in such inspections. Mr. Gonroth was a proponent of the bill also, as amended.

Sen. Norman Moved the Amendments to HB389, see committee report attached. His motion was carried unanimously.

DISPOSITION: Sen. Turnage Moved HB389 As Amended, Be Concurred In. The motion was carried unanimously.

ing he had seen the results of large corporate farming practices in the eastern part of the state and noted their methods appeared to be aimed at quick profit with little regard for the future of the land, whereas the family farm manager is more concerned about safeguarding the land for the future. He therefore observes better conservation practices and is protective of the land for his own family's future. Sen. Towe continued, stating this should be encouraged by loaning money to young people in order that they could get a start in farming, thus keeping the coal trust money in Montana, with the idea of caring for the state's land and its future production. He thought by making these moneys available through bank loans, etc., a number of things might be accomplished: 1 - promotion of industries and jobs in the state; 2 - would allow investment in Montana real estate loans; 3 - young people interested in agriculture would be given a start; and 4 - would revitalize the family farms.

Sen. Watt spoke also as a proponent of the bill saying he thought it good to give young people assistance in getting started in the farming business. Sen. Goodover said he thought it a commendable goal, but asked why they couldn't also buy a parcel of land and start a business, rather than limit the goal to farming only. Mr. Renders also spoke as a proponent and distributed Exh. #1, containing his testimony.

Opponents of the bill included Mr. Mockler who said as a representative of the coal industry they had a vested interest in the funds and didn't see any reason why farms in particular should be singled out for the assistance, whereas many people might be interested in starting a business with a loan obtainable at a low interest rate. Further, he felt that farming was a high risk business and thought the Legislature should take a better look at the resolution. Sen. Dover also spoke as an opponent and distributed his testimony in Exh. #2, attached. He said FHA does make loans to people interested in farming and did not believe the state's taxpayer money should be loaned on such high-risk loans.

Following the opponents' presentations, Sen. Towe made a brief closing statement.

Due to pressure of time the Chairman closed the hearing on SJR 44 in order that the committee could further discuss HB70 which had been amended by the committee. These amendments were distributed, see Exh. #3, and discussed at length.

Following the discussion Sen. Norman Moved to Adopt the Amendments to HB70, as on Exh. #3. The motion carried unanimously.

DISPOSITION: Sen. Turnage then Moved HB70 As Amended Be Concurred In. His motion carried unanimously.

They briefly discussed the reappraisal program which they believed could be amended into HB215 which is also still in committee. Following this, the meeting adjourned.

EXH. #3

HB 70 Amendments

Adopted

Amend page 18, section 9, line 18.
Following: "tools"
Strike: "and implements included in Class 14;"
Insert: ", implements and machinery included in Class 14;"

Amend page 20, section 12, line 17.
Following: "value"
Insert: ", or so much of 12% as is determined under 84-309, whichever is less"

Amend page 22, lines 19 through 21.
Following: line 18
Strike: lines 19 through 21 in their entirety
Insert: "(c) electric transformers and meters and gas regulators and meters that are not part of the single and continuous property of a utility that is centrally assessed; and, electric light and power substation machinery, compressor station machinery, measuring and regulating station equipment, and tools used in the repair and maintenance of the property included in this subsection."

Amend page 24, section 16, line 25.
Following: "value"
Insert: ", or in the case of property classified under (1) (b) of this section, so much of 6% as is determined under 84-309, whichever is less"

To check page 25, lines 7 thru 9, concerning "Mobile machines"

Amend page 30, section 19, line 11.
Following: "value"
Insert: ", or in the case of property classified under (1) (a) of this section, so much of 2.8% as is determined under 84-309, whichever is less"

Amend page 110, section ___ line 5.
Following:
Strike: "1 mill"
Insert: "3 mills"

Amend page 123, section ___ line 17.
Following: line 17
Insert: "Section 71. There is a new R.C.M. section numbered 84-309 that reads as follows:
"84-309. Reappraised real property -- limitation on [illegible] percentages.

(4) Each registration shall expire on September 30 of the year following the year of issuance.

(5) Each operator shall cause the registration certificate for each passenger tramway registered to be displayed conspicuously at the place where passengers load.

History: En. Sec. 7, Ch. 436, L. 1971; amd. Sec. 2, Ch. 63, L. 1974.

Amendments

The 1974 amendment substituted "department" for "board" throughout the section.

69-6608. Fees. The application for registration, or supplemental application shall be accompanied by such annual fees as the department may fix from year to year, not to exceed the following annual fees: passenger tramways described in section 2 (5) (e) and (f) [69-6602 (5) (e) and (f)], twenty-five dollars ($25) each; (e) and (d), fifty dollars ($50) each; (a) and (b), one hundred dollars ($100) each.

History: En. Sec. 8, Ch. 436, L. 1971; amd. Sec. 2, Ch. 63, L. 1974.

Amendments

The 1974 amendment substituted "department" for "board."

69-6609. Deposit of fees. All fees collected by the department shall be deposited in ~~an earmarked revenue fund passenger tramway fund account~~ the general fund.

It is the legislature's intent that such fees and assessments generate sufficient for a general fund appropriation for contracted inspection services.

History: En. Sec. 9, Ch. 436, L. 1971; amd. Sec. 2, Ch. 63, L. 1974.

Amendments

The 1974 amendment substituted "department" for "board."

69-6610. Additional powers and duties of department. (1) In addition to all other powers and duties conferred and imposed upon the department by this article, the department shall have and exercise the following powers and duties:

(a) To adopt reasonable rules and regulations relating to the safety in the design, construction and operation of passenger tramways, but which shall not relate or pertain to an area served by a passenger tramway. In adopting such rules and regulations the department shall use as a guideline the standards contained in "The American National Standards Institute—Safety Requirements for Aerial Passenger Tramways" ANSI B-77.1—1970, as amended from time to time, or equivalent, and as amended or supplemented from time to time by the department, and shall not be discriminatory in their application to operators of passenger tramways, and shall hold hearings and take in all evidence relating to the adoption of these rules and regulations; and the department shall supply to each operator a copy of its rules and regulations and each amendment thereto or revision thereof.

(b) To hold hearings and take evidence in all matters relating to the exercise and performance of the powers and duties vested in the department, subpoena witnesses, administer oaths, and compel the testimony of witnesses and the production of books, papers and records relevant to any inquiry;

(c) To approve, deny, revoke, and renew the registrations provided for in this chapter;

STANDING COMMITTEE REPORT

March 29 19 77

MR. President

We, your committee on Taxation

having had under consideration House Bill Bill No. 70

Respectfully report as follows: That House Bill No. 70

third reading bill, be amended as follows:

1. Amend page 18, section 9, line 18.
Following: "tools"
Strike: "and implements included in Class 14;"
Insert: ", implements and machinery included in Class 14;"

2. Amend page 20, section 12, line 17.
Following: "value"
Insert: ", or so much of 12% as is determined under 84-309, whichever is less"

3. Amend page 22, lines 19 through 21.
Following: line 18
Strike: lines 19 through 21 in their entirety
Insert: "(c) electric transformers and meters and gas regulators and meters that are not part of the single and continuous property of a utility that is centrally assessed; and, electric light and power substation machinery, compressor station machinery, measuring and regulating station equipment, and tools used in the repair and maintenance of the property included in this subsection."

CONTINUED

Chairman.

STATE PUB. CO.
Helena, Mont.

4. Amend page 24, section 16, line 25.
Following: "value"
Insert: ", or in the case of property classified under (1) (b) of this section, so much of 6% as is determined under 84-309, whichever is less"

5. Amend page 30, section 19, line 11.
Following: "value"
Insert: ", or in the case of property classified under (1) (a) of this section, so much of 2.8% as is determined under 84-309, whichever is less"

6. Amend page 110, section 60, line 5.
Following: line 4
Strike: "1 mill"
Insert: "3 mills"

7. Amend page 123, section 70, line 17.
Following: line 17
Insert: "Section 71. There is a new R.C.M. section numbered 84-309 that reads as follows:

"84-309. Reappraised real property -- limitation on increased appraisals -- table of taxable percentages. (1) The director of revenue shall certify to the governor, before June 30, 1978, the percentage by which the market value of all property in the state classified under sections 84-301.12, 84-301.16 (1) (b), and 84-301.19 (1) (a) as of January 1, 1977 has increased due to the revaluation conducted under 84-429.14. This figure is the "certified statewide percentage increase." (2) The taxable value of property in these three classes is determined as a function of the certified statewide percentage increase in accordance with the following table:

Certified statewide percentage increase	84-301.12	84-301.16 (1) (b)	84-301.19 (1) (a)
0			
1%	$ 11.89	one-half of	7/30 of the
2%	11.79	the equivalent	equivalent
3%	11.69	millage under	millage under
4%	11.58	84-301.12	84-301.12
5%	11.49		
6%	11.39		
7%	11.29		
8%	11.20		
9%	11.11		
10%	11.02		
11%	10.93		
12%	10.84		
13%	10.76		
14%	10.67		
15%	10.59		
16%	10.51		
17%	10.43		
18%	10.35		
19%	10.28		
20%	10.20		

21%	10.13
22%	10.05
23%	9.98
24%	9.91
25%	9.84
26%	9.77
27%	9.70
28%	9.64
29%	9.57
30%	9.51
31%	9.44
32%	9.38
33%	9.32
34%	9.26
35%	9.20
36%	9.14
37%	9.08
38%	9.03
39%	8.97
40%	8.91
41%	8.86
42%	8.81
43%	8.75
44%	8.70
45%	8.65
46%	8.60
47%	8.55
48%	8.50
49%	8.45
50%	8.40

"Section 72. There is a new R.C.M. section that reads as follows:
"Temporary authority to exceed mill levy limitations in certain cases.
Taxing jurisdictions may adopt and levy for a budget equal to 105% of the preceding year's budget, statutory mill levy limitations notwithstanding, unless the taxable valuation therein has increased to a level which would allow statutory mill levies to produce a budget equal to 105% of the preceding year's budget.""
Renumber: following section

8. Amend page 123, section 71, line 20.
Following: "repealed."
Insert: "However, amendments to 84-301, 84-302, or 84-303, R.C.M. 1947, enacted by this legislative session shall be incorporated into the equivalent sections enacted in this act as directed by such other amendatory acts."

AND AS SO AMENDED, BE CONCURRED IN

William L. Mathers, Chairman

Be it enacted by the Legislature of the State of Montana:

Section 1. Section 59-904, R.C.M. 1947, is amended to read as follows:

"59-904. Officers and employees excepted from provisions of act. This act does not apply to the following positions in state government:

(1) elected officials and their chief deputy and executive secretary;

(2) officers and employees of the legislative branch;

(3) judges and employees of the judicial branch;

(4) members of boards and commissions appointed by the governor, appointed by the legislature or appointed by other elected state officials;

(5) officers or members of the militia;

(6) agency heads appointed by the governor;

(7) academic and professional administrative personnel with individual contracts under the authority of the board of regents of higher education;

(8) academic and professional administrative personnel who have entered into individual contracts with the state school for the deaf and blind under the authority of the state board of public education;

(9) teachers under the authority of the department of institutions;

(10) personal staff of the elected officials enumerated in Article VI, section 1, of the constitution of Montana are exempt from sections 59-909, 59-910, and 59-911 of this act, and section 82A-1014."

Approved May 13, 1977.

CHAPTER NO. 566

AN ACT TO CLARIFY THE PROPERTY TAX SYSTEM BY GENERALLY REVISING AND RECODIFYING SECTIONS RELATING TO PROPERTY CLASSIFICATION AND TAXATION AND BY ESTABLISHING MARKET VALUE AS THE BASIS OF TAXATION, EXCEPT FOR CERTAIN CASES, AND ADJUSTING THE TAXABLE PERCENTAGE ACCORDINGLY; AMENDING SECTIONS 11-988, 11-1011, 11-1019, 11-1301, 11-1909, 11-1919, 11-2201, 11-2205, 11-2303, 11-3921, 11-4111, 14-307, 16-502, 16-807, 16-808, 16-1152, 16-1412, 16-2010.1, 16-4020, 32-3107, 46-1914, 53-114, 53-1025, 69-3504, 75-7104, 75-8104, 84-101, 84-401, 84-402, 84-404, 84-406, 84-602, 84-708.1, 84-728, 84-4605, 84-4701, 84-4701.2, 84-4713, 84-5103, 84-5211, 84-5214, 84-5216, 84-5406, 84-6008, 84-6102, 84-6103, 84-6205, 84-6407, 84-7513, AND 89-3403, R.C.M. 1947; AND REPEALING SECTIONS 69-3923, 84-301, AND 84-302, R.C.M. 1947.

Be it enacted by the Legislature of the State of Montana:

Section 1. There is a new R.C.M. section numbered 84-301.1 that reads as follows:

84-301.1. Classification of taxable property. For the purpose of taxation, the taxable property in the state shall be classified in accordance with 84-301.2 through 84-301.19.

Section 2. There is a new R.C.M. section numbered 84-301.2 that reads as follows:

84-301.2. Class one property — description — taxable percentage. (1) Class one property includes the right of entry which is a property right reserved in land or received by mesne conveyance (exclusive of leasehold interests), devise, or succession to enter land whose surface title is held by another to explore, prospect, or dig for oil, gas, coal, or minerals. The market value of the right of entry is determined by the department of revenue.

(2) Class one property is taxed at 100% of its market value.

Section 3. There is a new R.C.M. section numbered 84-301.3 that reads as follows:

84-301.3. Class two property — description — taxable percentage. (1) Class two property includes the annual net proceeds of all mines and mining claims, except coal and metal mines.

(2) Class two property is taxed at 100% of its annual net proceeds after deducting the expenses specified and allowed by 84-5403.

Section 4. There is a new R.C.M. section numbered 84-301.4 that reads as follows:

84-301.4. Class three property — description — percentage. (1) Class three property includes the annual gross proceeds of coal mines using the strip mining method.

(2) Class three property is taxed at 45% of its assessed value, which is 100% of annual gross proceeds.

Section 5. There is a new R.C.M. section numbered 84-301.5 that reads as follows:

84-301.5. Class four property — description — taxable percentage. (1) Class four property includes the annual gross proceeds of underground coal mines.

(2) Class four property is taxed at 33 ⅓% of its assessed value, which is 100% of annual gross proceeds.

Section 6. There is a new R.C.M. section numbered 84-301.6 that reads as follows:

84-301.6. Class five property — description — taxable percentage. (1) Class five property includes moneyed capital and shares of banks.

(2) Class five property is valued and taxed as provided under 84-304, 84-305, 84-307, 84-308, and chapter 46, Title 84.

Section 7. There is a new R.C.M. section numbered 84-301.7 that reads as follows:

84-301.7. Class six property — description — taxable percentage. (1) Class six property includes agricultural land, as defined in 84-437.2.

(2) Class six property is taxed at 30% of its assessed value.

Section 8. There is a new R.C.M. section numbered 84-301.8 that reads as follows:

84-301.8. Class seven property — description — taxable percentage. (1) Class seven property includes:

(a) centrally assessed utility allocations after deductions of locally assessed properties, except as provided in:

(i) class fourteen for rural telephones; and

(ii) class eighteen for cooperatives;

(b) all other property not included in classes one through six and classes eight through nineteen;

(c) large trucks and commercial trailers valued in the department of revenue's truck and commercial trailer schedule.

(2) Class seven property is taxed at 16% of its market value.

Section 9. There is a new R.C.M. section numbered 84-301.9 that reads as follows:

84-301.9. Class eight property — description — taxable percentage. (1) Class eight property includes:

(a) all agricultural and other tools, implements, and machinery except:

(i) large farm machinery included in class twelve; and

(ii) tools, implements and machinery included in class fourteen;

(b) gas and other engines and boilers and threshing machines and outfits used therewith;

(c) harness, saddlery, and robes;

(2) Class eight property is taxed at 13% of its market value.

Section 10. There is a new R.C.M. section numbered 84-301.10 that reads as follows:

84-301.10. Class nine property — description — taxable percentage. (1) Class nine property includes:

(a) automobiles, motor trucks, and other power-driven cars and vehicles of all kinds, except mobile homes, motorcycles, aircraft, camper trailers, and truck campers;

(b) livestock, poultry, and unprocessed products of both; and

(c) furniture and fixtures used in commercial, office, and hotel activities, except improvements included in class thirteen.

(2) Class nine property is taxed at 13.3% of its market value.

Section 11. **Instructions to code commissioner and publisher.** If House Bill 85 is enacted into law, the code commissioner and the publisher shall transfer livestock, poultry, and unprocessed products of both from class eight property to class fourteen property.

Section 12. There is a new R.C.M. section numbered 84-301.11 that reads as follows:

84-301.11. Class ten property — description — taxable percentage. (1) Class ten property includes:

(a) aerial, surface, and portable ski lifts and ski tows, including the towers, cables, ropes, sheave assemblies, conveying devices, power units, and all accessories;

(b) manufacturing and mining machinery, fixtures, and supplies, except those included in class eighteen; and

(c) camper trailers and truck campers valued in the "N.A.D.A. Recreational Vehicle Appraisal Guide".

(2) Class ten property is taxed at 12% of market value.

Section 13. There is a new R.C.M. section numbered 84-301.12 that reads as follows:

84-301.12. Class eleven property — description — taxable property. (1) Class eleven property includes:

(a) all land, except agricultural land meeting the qualification of 84-437.2;

(b) all improvements, except those included in classes fifteen and eighteen;

(c) all trailers affixed to land owned, leased, or under contract for purchase by the trailer owner; and

(d) all mobile homes, except:

(i) those held by a distributor or dealer of mobile homes as part of his stock in trade; and

(ii) those included in class fifteen.

(2) Class eleven property is taxed at 12% of its market value, or so much of 12% as is determined under 84-309, whichever is less.

Section 14. There is a new R.C.M. section numbered 84-301.13 that reads as follows:

84-301.13. Class twelve property — description — taxable percentage. (1) Class twelve property includes:

(a) boats and all watercraft;

(b) aircraft;

(c) motorcycles; and

(d) large farm machinery valued in the official guide tractors and farm implements and department valuation schedules.

(2) Class twelve property is taxed at 11% of its market value.

Section 15. There is a new R.C.M. section numbered 84-301.14 that reads as follows:

84-301.14. Class thirteen property — description — taxable percentage. (1) Class thirteen property includes the incremental increase in the value of real estate produced by repairing, maintaining, or improving existing improvements.

(2) Class thirteen property is taxed at:

(a) 2.4% of the market value for the first full year following completion of the repair, maintenance, or improving of existing improvements;

(b) 4.8% of the market value for the second full year following completion of the repair, maintenance, or improving of existing improvements;

(c) 7.2% of the market value for the third full year following completion of the repair, maintenance, or improving of existing improvements;

(d) 9.6% of the market value for the fourth full year following completion of the repair, maintenance, or improving of existing improvements; and

(e) 12% of the market value for the fifth full year and every year thereafter following completion of the repair, maintenance, or improving of existing improvements.

Section 16. There is a new R.C.M. section numbered 84-301.15 that reads as follows:

84-301.15. Class fourteen property — description — taxable percentage. (1) Class fourteen property includes:

(a) all poles, lines, transformers, transformer stations, meters, tools, improvements, machinery and other property, except that included in class eighteen, used and owned by persons, firms, corporations, or other organizations that are engaged in the business of furnishing telephone communications exclusively to rural areas or to rural areas and cities and towns of 800 persons or less. The average circuit miles for each station on the telephone communications system must be more than 1 ¼ miles to qualify for this classification;

(b) tools, implements, and machinery used to repair and maintain machinery not used for manufacturing and mining purposes; and

(c) electric transformers and meters, electric light and power substation machinery, and natural gas measuring and regulating station equipment, meters, and compressor station machinery owned by centrally assessed public utilities, and tools used in the repair and maintenance of the property included in this subsection.

(2) Class fourteen is taxed at 8% of its market value.

Section 17. There is a new R.C.M. section numbered 84-301.16 that reads as follows:

84-301.16. Class fifteen property — description — taxable percentage. (1) Class fifteen property includes:

(a) any improvement on real property, a trailer affixed to land, or a mobile home and appurtenant land not exceeding 5 acres, which together meet the following conditions:

(i) have a market value of not more than $27,500;

(ii) are owned or under contract for deed and are actually occupied for at least 10 months per year as the primary residential dwelling of:

(A) a widow or widower 62 years of age or older who qualifies under the income limitations of (C) of this section;

(B) a widow or widower of any age with dependent children who qualifies under the income limitations of (C) of this section; or

(C) a recipient or recipients of retirement or disability benefits whose total income from all sources is not more than $6,000 a year for a single person or $6,800 for a married couple.

(2) (a) A person applying for classification of property under this class must make an affidavit to the department of revenue on a form provided by the department without cost as to:

(i) his income, if applicable;

(ii) his retirement benefits, if applicable;

(iii) his marital status, if applicable; and

(iv) the fact that he maintains the land and improvements as his primary residential dwelling.

(b) The county welfare board may investigate the applicant as to the answers given on the form. For the purpose of the affidavit required for classification of property under this class, it shall be sufficient if the applicant signs a statement swearing to or affirming the correctness of the information supplied, whether or not the statement is signed before a person authorized to administer oaths, and mails the application and statement to the department of revenue. This signed statement shall be treated as a statement under oath or equivalent affirmation for the purposes of 94-7-203, relating to the criminal offense of false swearing.

(c) The assessed value of the property may not be increased during the life of the recipient of retirement benefits or widow or widower covered under this class, unless the owner-resident makes a substantial improvement in the dwelling.

(3) Class fifteen property is taxed at 6% of its market value or so much of 6% as is determined under 84-309, whichever is less.

Section 18. There is a new R.C.M. section numbered 84-301.17 that reads as follows:

84-301.17. Class sixteen property — description — taxable percentage. (1) Class sixteen property includes:

(a) business inventories as defined in this section; and

(b) mobile machines, valued as other heavy construction equipment is valued, used in new industries, as defined in class eighteen.

(2) Mobile machines used in new industry are subject to the conditions imposed in class eighteen for other property used in new industries.

(3) "Business inventories" includes goods intended for sale or lease in the ordinary course of business and raw materials and work in progress with respect to such goods. Business inventories shall not include goods leased or rented or mobile homes held by a dealer or distributor as part of his stock in trade.

(4) The market value of business inventories, for property tax purposes, is the cost to the person subject to the inventory tax.

(5) Class sixteen property is taxed at 4.2% of market value.

Section 19. There is a new R.C.M. section numbered 84-301.18 that reads as follows:

84-301.18. Class seventeen property — description — taxable percentage. (1) Class seventeen property includes all unprocessed agricultural products on the farm or in storage, except:

(a) all perishable fruits and vegetables in farm storage and owned by the producer; and

(b) livestock and poultry and the unprocessed products of both.

(2) Class seventeen property is taxed at 3.5% of market value.

Section 20. There is a new R.C.M. section numbered 84-301.19 that reads as follows:

84-301.19. Class eighteen property — description — taxable percentage. (1) Class eighteen property includes:

(a) a dwelling house and the lot on which it is erected, owned, and occupied by a resident of the state who:

(i) has been honorably discharged from active service in any branch of the armed services; and

(ii) is rated 100% disabled due to a service-connected disability by the United States veterans administration or its successor. In the event of the veteran's death, the dwelling house and the lot on which it is erected shall remain in this class as long as the surviving spouse remains unmarried and the owner and occupant of the property.

(b) all property used and owned by cooperative rural electrical and cooperative rural telephone associations as provided in (2)(a) of this section;

(c) air pollution control equipment as defined in this section; and

(d) new industrial property as defined in this section.

(2) (a) The property of all cooperative rural electrical and cooperative rural telephone associations organized under the laws of Montana is included in this class; except that when less than 95% of the electricity consumers or telephone users within the incorporated limits of a city or town are served by the cooperative organization, the property is included in class eighteen.

(b) "Air pollution control equipment" means facilities, machinery, or equipment, attached or unattached to real property, utilized to reduce, eliminate, control, or prevent air pollution. The department of health and environmental sciences determines if such utilization is being made.

(c) "New industrial property" means any new industrial plant, including land, buildings, machinery, and fixtures, except mobile machinery, which is used by a new industry during the first 3 years of its operation. The property may not have been assessed prior to July 1, 1961, within the state of Montana.

(i) New industrial property is limited to industries that:

(A) manufacture, mill, mine, produce, process, or fabricate materials;

(B) do similar work, employing capital and labor, in which materials unserviceable in their natural state are extracted, processed, or made fit for use or are substantially altered or treated so as to create commercial products or materials; or

(C) engage in the mechanical or chemical transformation of materials or substances into new products in the manner defined as manufacturing in the 1972 Standard Industrial Classification Manual prepared by the United States office of management and budget.

(ii) New industrial property does not include:

(A) property used by retail or wholesale merchants, commercial services of any type, agriculture, trades, or professions;

(B) a plant that will create adverse impact on existing state, county, or municipal services; or

(C) property used or employed in any industrial plant that has been in operation in this state for 3 years or longer.

(c) "New industry" means any person, corporation, firm, partnership, association, or other group that establishes a new plant or plants in Montana for the operation of a new industrial endeavor, as distinguished from a mere expansion, reorganization, or merger of an existing industry or industries.

(3) The department of revenue shall promulgate rules for the determination of what constitutes an adverse impact, taking into consideration the number of people to be employed and the size of the community in which the location is contemplated. Any person, corporation, firm, partnership, association, or other group seeking to qualify its property for inclusion in this class shall make application to the department of revenue

in such a manner and form as the department requires. Once the department has made an initial determination that the industrial facility qualifies as new industrial property, the department shall then, upon proper notice, hold a hearing to determine if the new industrial classification should be retained by the property. The local taxing authority may appear at the hearing and may waive its objection to retention of this classification if the industry agrees to the prepayment of taxes sufficient to satisfy tax requirements created by the location and construction of the facility during the construction period. When a prepayment of taxes is required, the maximum amount of prepayment shall be the amount of tax the industry would have paid without the application of the class seven percentage to such property.

(4) If a major new industrial facility qualifies under class eighteen, the reduction of its yearly payment of property taxes for reimbursement of its prepaid taxes as provided for in 84-41-105 does not begin until the class eighteen qualification expires.

(5) Class eighteen property shall be taxed at 2.8% of its market value, or in the case of property classified under (1)(a) of this section, so much of 2.8% as is determined under 84-309, whichever is less.

Section 21. Section 84-401, R.C.M. 1947, is amended to read as follows:

"**84-401. Assessments, definitions, and exceptions.** *(1)* All taxable property must be assessed at *100%* of its *market* value except *as provided in subsection (5) of this section and in 84-429.14 through 84-429.17.*

(2) Market value is the value at which property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of relevant facts.

(3) The department of revenue or its agents may not adopt a lower or different standard of value from market value in making the official assessment and appraisal of the value of property in class one and classes seven through eighteen. For purposes of taxation, assessed value is the same as appraised value.

(4) The taxable value for all property in class one and classes seven through eighteen is the percentage of market value established for each class of property in 84-301.2 and 84-301.8 through 84-301.19.

(5) The assessed value of properties in 84-301.3 through 84-301.7 is as follows:

(a) Property in 84-301.6, under class five, is assessed at 100% of book value, by the method established in 84-301.6 and the sections cited therein.

(b) Properties in *84-301.3*, under *class two, are* assessed at 100% *of the annual net proceeds after deducting the expenses specified and allowed by 84-5403.*

(c) Properties in 84-301.4, 84-301.5, and 84-301.20, under classes three, four, and nineteen are assessed at 100% of the annual gross proceeds.

(d) Properties in 84-301.7, under class six, are assessed at 100% of the productive capacity of the lands when valued for agricultural purposes. All lands *that meet the qualifications of 84-437.2 are* valued as agricultural lands for tax purposes.

(6) Land and the improvements thereon *are* separately assessed when any of the following conditions occur:

(a) ownership of the improvements is different from ownership of the land*;*

(b) *the taxpayer makes a written request;* or

(c) the land is outside an incorporated city or town.

(7) The taxable value of all property *in classes two through six is the percentage of assessed value established in 84-301.3 through 84-301.7 for each class of property.*"

Section 22. Section 11-988, R.C.M. 1947, is amended to read as follows:

"**11-988. Power of cities and towns to acquire natural gas and distributing system.** The city or town council has power to contract an indebtedness of a city or town upon the credit thereof by borrowing money or issuing bonds for the construction, purchase, or development of an adequate supply of natural gas and to construct or purchase a system of gas lines for the distribution thereof to the inhabitants of *the* city or town or vicinity. *The* total amount of indebtedness authorized to be contracted in any form, including the then-existing indebtedness, must not at any time exceed *11%* of the total *taxable value* of the property of the city or town *subject to taxation* as ascertained by the last assessment for state and county taxes. *No* money *may* be borrowed or bonds issued for the purposes specified *in this section* until the proposition has been submitted to the vote of the taxpayers of the city or town *affected thereby* and the majority vote cast in *its* favor."

Section 23. Section 11-1011, R.C.M. 1947, is amended to read as follows:

"**11-1011. Tax levy for band concerts.** For the purpose of providing band concerts, the council or other governing body in any town or city of the first, second, or third class or *of* any incorporated town may assess and levy, in addition to the levy for general municipal or administrative purposes, *an amount* not *to exceed 1* mill on the dollar on the *taxable* value of the property of the city or town *subject to taxation.*"

Section 24. Section 11-1019, R.C.M. 1947, is amended to read as follows:

"**11-1019. Operation of bus lines — contracting indebtedness.** Whenever a city or town is not being served by a bus company or operator operating on a regular schedule and under the jurisdiction of the public service commission or if such service is likely to be discontinued in the immediate future, the city or town council of any incorporated city or town *may* contract an indebtedness of any such city or town upon the credit

thereof by borrowing money or issuing bonds for the purchase, development, operation, or leasing of motor buses and bus lines for the transportation of passengers within the corporate limits of such cities and towns and to operate the same to any point or points beyond *these* limits not *to* exceed 8 miles, measured along the route of *the* bus line. *The* total amount of indebtedness authorized to be contracted in any form, including the then-existing indebtedness, *may* not at any time exceed *18%* of the total *taxable value* of the property of the city or town *subject to taxation* as ascertained by the last assessment for state and county taxes. *No* money *may* be borrowed or bonds issued for the purposes specified *in this section* until the proposition has been submitted to the vote of the taxpayers of the city or town and the majority vote cast in *its* favor."

Section 25. Section 11-1301, R.C.M. 1947, is amended to read as follows:

"**11-1301. Presentation of claims — limitation of actions.** All accounts and demands against a city or town must be presented to the council duly itemized. All claims against a city or town shall contain the following statement: "I certify that this claim is correct and just in all respects and that payment or credit has not been received." Claims need not be accompanied by affidavit by the party or his agent. These claims must be presented with all necessary and proper vouchers within 1 year from the date the same accrued. *Any* claim or demand not so presented within *this* time is forever barred, and the council has no authority to allow any account or demand not so presented. *No* action *may* be maintained against the city or town for or on account of any demand or claim against the *city or town* until such demand or claim has first been presented to the council. *In* case the total indebtedness of a city or town has reached *11%* of the total *taxable value* of the property of *the* city or town *subject to taxation* as ascertained by the last assessment for state and county taxes, *the* city or town *may* conduct its affairs and business on a cash basis as provided by *11-1302*."

Section 26. Section 11-1909, R.C.M. 1947, is amended to read as follows:

"**11-1909. Levy of tax for volunteer fire departments.** For the purpose of supporting volunteer fire departments in any city or town which does not have a paid fire department and for the purpose of purchasing the necessary equipment *for them*, the council in any city or town may levy, in addition to other levies permitted by law, a special tax not exceeding 2 mills on each dollar of the *taxable value* of the property of the city or town *subject to taxation*."

Section 27. Section 11-1919, R.C.M. 1947, as amended by Section 6, Chapter 157, Laws of 1977 is amended to read as follows:

"**11-1919. State auditor to pay association out of insurance premium taxes.** (1) At the end of the fiscal year, the state auditor shall issue and deliver the payment described in this subsection to the treasurer of every city or town of the first and second class which has a fire department relief association entitled by law to receive payments. The payment shall be for the use and benefit of the association. It shall be paid out

of the premium taxes on insurance risks enumerated in subsection (6) collected by the state auditor and shall be equal to 10% of the total annual compensation paid by the city or town to its paid or part-paid firemen for services in the previous calendar year. The city clerk of the city or town shall certify in writing to the state auditor, on or before April 1 of each year, the amount paid by the city or town as compensation for services to paid or part-paid firemen.

(2) When there is a disaster resulting in death or injury sufficient to draw the pensions of 10% of the active force and the fund, after receiving all moneys provided for in 11-1911, 11-1912, and subsection (1) of this section, does not show at least the 1-mill growth referred to in 11-1912, the treasurer of the association shall request and the state auditor shall issue and deliver an additional payment under the same conditions described in subsection (1). The payment shall be in an amount sufficient to cause at least the above-mentioned 1-mill growth in the fund.

(3) If a city is not entitled to receive a sum equal to *1 ½ mills* of its total *taxable value* under subsections (1) and (2), the association of the city shall receive its money in the manner provided in subsections (4) and (5) for cities of the third class.

(4) At the end of the fiscal year, the state auditor shall issue and deliver the warrant described in this subsection to the treasurer of every city or town, except cities and towns of the first or second class, which has a fire department relief association entitled by law to receive payments. The warrant shall be for the use and benefit of the association. It shall be for an amount equal to *1 ½ mills* of the total *taxable value* of the city or town and shall be paid out of the premium taxes on insurance risks enumerated in subsection (6) collected by the state auditor.

(5) If the payment provided for in subsection (4) is less than $100, the association shall receive an additional payment from the same tax moneys so that the total amount received is $100.

(6) The risks referred to in subsections (1) and (4) are:

(a) insurance of houses, buildings, and all other kinds of property against loss or damage by fire or other casualty;

(b) all kinds of insurance on goods, merchandise, or other property in the course of transportation, whether by land, water, or air;

(c) insurance against loss or damage to motor vehicles resulting from accident, collision, or marine and inland navigation and transportation perils;

(d) insurance of growing crops against loss or damage resulting from hail or the elements;

(e) insurance against loss or damage by water to any goods or premises arising from the breakage or leakage of sprinklers, pumps, or other apparatus;

(f) insurance against loss or legal liability for loss because of damage to property caused by the use of teams or vehicles, whether by accident

or collision or by explosion of any engine, tank, boiler, pipe, or tire of any vehicle; and

(g) insurance against theft of the whole or any part of any vehicle."

Section 28. Section 11-2201, R.C.M. 1947, is amended to read as follows:

"11-2201. Special improvements — powers of city council. *(1)* All streets, alleys, places, or courts in the municipalities of this state, now open or dedicated or which may hereafter be opened or dedicated to public use, *are* open public streets, alleys, places, or courts for the purposes of this chapter, and the city council of each municipality *may* establish and change the grades of *the* streets, alleys, places, or courts and fix the width thereof and *may* acquire private property for *right-of-way* and order to be done any of the work mentioned in this chapter under the proceedings hereinafter described.

(2) When the public interest or convenience requires, the governing body of a municipality may:

(a) establish pedestrian malls;

(b) prohibit, in whole or in part, vehicular traffic on a pedestrian mall;

(c) pay, from general funds of the municipality or other available moneys or from the proceeds of assessments levied on lands benefited by the establishment of a pedestrian mall, the damages, if any, allowed or awarded to any property owner by reason of the establishment of a pedestrian mall. *The* resolution of intention *must contain* a statement that an assessment will be levied to pay the whole or a stated portion of such damages, if any, allowed or awarded to any property owner by reason of the establishment of such pedestrian mall;

(d) construct improvements on public streets *that* have been or will be established as a pedestrian mall, including but not limited to paving, sidewalks, curbs, sewers, covered walkways or areas, air conditioning, drainage works, street lighting facilities, fire protection facilities, flood protection facilities, water distribution facilities, vehicular parking areas, retaining walls, landscaping, tree planting, statuary, fountains, decorative structures, benches, rest rooms, child care facilities, display facilities, information booths, public assembly facilities, and other structures, works, or improvements necessary or convenient to serve members of the public using such pedestrian mall, including the reconstruction or relocation of existing municipally owned works, improvements, or facilities on such streets. *The* improvements or structures may be attached to abutting private buildings or structures, provided that *the* improvements or structures *are* located on public property.

(3) An improvement district may *also* be formed for the sole purpose of *operating, maintaining, repairing, and improving* pedestrian malls, off-street parking facilities, and parkings and parkways.

(4) Subject to the powers granted and the limitations contained in this section, the powers and duties of the municipality and the procedure to be followed *are* as provided in this *chapter* for other types of special improvement districts.

(5) If a petition for the formation of an improvement district under the provisions of this section is presented to the governing body purporting to be signed by all of the real property owners in the proposed district, exclusive of mortgagees and other lien holders, the governing body, after verifying such ownership and making a finding of *the* fact, shall adopt a resolution of intention to order the improvement *as provided in* 11-2204 and shall have immediate jurisdiction to adopt the resolution ordering the improvement pursuant to the following provisions, without the necessity of the publication and posting of the resolution of intention provided for in 11-2204.

(6) The governing body shall make annual statements and estimates of the expenses of the district, which shall be provided for by the levy and collection of ad valorem taxes upon the *taxable* value of all the real and personal property in the district, shall publish notice thereof, *and* shall have hearings *on the statements and estimates* and adopt them *as* provided for incorporated cities and towns by 11-2204 and 11-2206. The governing body, on or before the second Monday in August of each year, shall fix, levy, and assess the amount to be raised by ad valorem taxes upon all of the property of the district. All statutes providing for the levy and collection of state and county taxes, including the collection of delinquent taxes and sale of property for nonpayment of taxes, shall be applicable to the district taxes provided for under this section.

(7) An improvement district formed for the purposes of establishing a pedestrian mall or off-street parking may be financed in accordance with the provisions of 11-2214 and in accordance with the methods of financing set forth for the construction of water or sewer systems as set forth in 11-2218.

(8) The governing body may create special lighting districts on any street or streets or public highway for the purposes of lighting *them and* assess *the* costs for installation and maintenance to property abutting thereto and collect *the* costs by special assessment against *the* property.

(9) Further, the city or town council *may* make assessments in the manner provided in 11-2245 on property abutting *the* street or highway and lying outside the boundaries of *the* city or town, *as* long as that portion of the street or public highway to be lighted is adjacent to the boundary line of *the* city or town, lies partially within *the* city or town, or extends from one point within *the* city or town to another point within *the* city or town."

Section 29. Section 11-2205, R.C.M. 1947, is amended to read as follows:

"**11-2205. Assessment of extended district including lots not fronting on improvement.** Whenever the contemplated work of improvement, in the opinion of the city council, is of more than local or ordinary public benefit or whenever, according to estimates furnished by the city engineer, the total estimated costs and expenses thereof would exceed *1/5* of the total *taxable* value of the lots and lands fronting upon said proposed work or improvement according to the valuation fixed by the last assessment roll, the city council may *charge* the expenses of *the*

work or improvement *to* an extended district *that* may include other lots not fronting on the improvement and which the city council in its resolution of intention *declares* to be the district benefited by *the* work or improvements."

Section 30. Section 11-2303, R.C.M. 1947, is amended to read as follows:

"**11-2303. Limitation on amount of indebtedness.** No city or town *may* issue bonds for any purpose in an amount which with all outstanding and unpaid indebtedness will exceed *18%* of the *taxable* value of the property therein *subject to taxation*, to be ascertained by the last assessment for state and county taxes. *For* the purpose of constructing a sewerage system, procuring a water supply, or constructing or acquiring a water system for a city or town which shall own and control *the* water supply and water system and devote the revenues therefrom to the payment of the debt, a city or town may incur an additional indebtedness by borrowing money or issuing bonds. The additional *total* indebtedness *that* may be incurred by borrowing money or issuing bonds for the construction of a sewerage system, for the procurement of a water supply, or for both such purposes, including all indebtedness theretofore contracted which is unpaid or outstanding, *may* not in the aggregate exceed 10% over and above the *18%* heretofore referred to of the total *taxable* value of the property therein *subject to taxation* as ascertained by the last assessment for state and county taxes. The issuing of bonds for the purpose of funding or refunding outstanding warrants or bonds *is* not the incurring of a new or additional indebtedness but *is* merely the changing of the evidence of outstanding indebtedness."

Section 31. Section 11-3921, R.C.M. 1947, is amended to read as follows:

"**11-3921. Allocation of taxes.** (1) Any urban renewal plan, as defined in 11-3901, may contain a provision or be amended to contain a provision providing that taxes levied on taxable property in an urban renewal area each year by or for the benefit of the state, any city, county, or other political subdivisions for which taxes are levied shall be allocated after the effective date of such provision as provided in subsections (3) and (4) of this section.

(2) For the purposes of this section:

(a) "prior *taxable* value" means the *taxable* value of the property in the urban renewal area *subject to taxation* as shown on the assessment roll last equalized prior to the effective date of the urban renewal plan. *Notwithstanding* the provisions of this act, any increase resulting from a comprehensive revaluation of all property within the county may be applied to the property for the purpose of determining the "prior *taxable* value".

(b) the word "taxes" includes but is not limited to all levies on an ad valorem basis upon land or real property;

(c) "taxing body" is any city, county, or other political subdivision for which taxes are levied.

(3) The portion of taxes produced by levies upon the total sum of the prior *taxable* value of the property in the urban renewal area *subject to taxation* shall be allocated and paid into the funds of the taxing body like taxes paid by or for the taxing body on all other property. For the purpose of allocating taxes levied by a taxing body that did not include the urban renewal area on the effective date of the provision allocating the taxes but to which the urban renewal area has since been annexed or otherwise included, the assessment roll of the county last equalized prior to the effective date of the provision shall be used in determining the prior *taxable* value.

(4) The portion of taxes levied by *the* taxing body each year in excess of the amount levied under subsection (3) shall be paid by the county treasurer into a special fund held by the city treasurer to pay the principal and interest on bonds issued under authority of 11-3910, except that taxes for the payment of all bonds and interest of each taxing body must be levied against all taxable property within the taxing body without limitation by the provisions of this subsection. Until the actual *taxable value* of all property in the urban renewal area exceeds the prior *taxable* value of all taxable property within such area, the actual *taxable* value of all property shall be used for taxation purposes.

(5) The portion of taxes allocated in subsection (4) above and the special fund into which they are paid may be pledged by a municipality for the payment of the principal and interest on bonds issued under the authority of 11-3910 or bonded indebtedness incurred by a municipality to refinance in whole or in part the urban renewal project. Prior to the sale of any bonds, there shall be an election under 11-2308 and 11-2309 approving such sale or a petition for the sale signed by the owners of record of at least 51% of the land within the urban renewal district.

(6) After all bonds and interest have been paid, all *moneys* received from taxes upon property within the urban renewal area shall be allocated as taxes on all other property."

Section 32. Section 11-4111, R.C.M. 1947, is amended to read as follows:

"**11-4111. Levy authorized — uses — restrictions.** (1) Upon an affirmative vote of a majority of the qualified voters voting in a city, county, or town on the question of whether the governing body may levy a tax for economic development, the governing body of that city, county, or town is authorized to levy *in any one election* up to 1 mill upon the *taxable* value of all the property in the county, city, or town *subject to taxation* for the purpose of economic development, for a period not to exceed 5 years.

(2) Funds derived from this levy may be used for purchasing land for industrial parks, constructing buildings to house manufacturing and processing operations, conducting preliminary feasibility studies, promoting economic development opportunities in a particular area, and other activities generally associated with economic development. These funds may not be used to directly assist an industry's operations by loan or grant *or* to pay the salary or salary supplements of government employees.

(3) The governing body of the county, city, or town may use the funds derived from this levy to contract with local development companies and other associations or organizations capable of implementing the economic development function."

Section 33. Section 14-307, R.C.M. 1947, is amended to read as follows:

"**14-307. Lien of corporate indebtedness upon membership lands.** *After* the date of the inclusion of any land or property as a member in any corporation or district organized under the provisions *of this section*, all mortgage or bonded indebtedness created by such corporation or district *is* a first lien upon *the* membership lands to *an* extent not to exceed *18%* of the *taxable value* thereof if the *land is* grazing or agricultural and not to exceed *36%* of the *taxable value* thereof if the *land is* horticultural or vegetable-producing. The recording of the copy of the articles of incorporation or petition to become a member of such corporation or district *is* notice to all subsequent lien claimants that *the* lands are subject to a first lien. *However,* nothing *in this section may* be construed as placing a limit upon the indebtedness that may be made a lien against any of the corporate or property assets of the corporation or district, as distinguished from membership lands individually owned."

Section 34. Section 16-502, R.C.M. 1947, is amended to read as follows:

"**16-502. Basis of taxation upon creation of new county — terms used in law defined.** For the purposes of this act, the assessed valuation of all property, whether included within the boundaries of a proposed new county or remaining within the boundaries of any existing county or counties from which territory is taken, shall be fixed and determined on the same basis as is used for the imposition of taxes in the state of Montana."

Section 35. Section 16-807, R.C.M. 1947, is amended to read as follows:

"**16-807. Limit of indebtedness.** No county may become indebted in any manner or for any purpose to an amount, including existing indebtedness, in the aggregate exceeding *18%* of the *taxable* value of the property therein *subject to taxation, as* ascertained by the last assessment for state and county taxes previous to the incurring of such indebtedness. *All* bonds or obligations in excess of such amount given by or on behalf of *the* county are void. No county may incur indebtedness or liability for any single purpose to an amount exceeding $40,000 without the approval of a majority of the electors thereof voting at an election to be provided by law, except as provided in 16-1407.1 and 16-1407.2."

Section 36. Section 16-808, R.C.M. 1947, is amended to read as follows:

"**16-808. Counties indebted beyond constitutional limit may operate on cash basis.** *In* case the total indebtedness of a county, lawful when incurred, exceeds the limit of *18%, by reason of great diminution of taxable value, the* county *may* conduct its business affairs on a cash basis and pay the reasonable and necessary current expenses of *the* county

out of the cash in the county treasury and derived from its current revenue and under such restrictions and regulations as may be imposed by the board of county commissioners of *the* county by a resolution duly adopted and *included in* the minutes of *the* board. *Nothing in this section restricts* the right of *the* board to make the necessary tax levies for interest and sinking fund purposes, and nothing *in this section affects* the right of any creditor of *the* county to pursue any remedy now given him by law to obtain payment of his claim."

Section 37. Section 16-1152, R.C.M. 1947, is amended to read as follows:

"**16-1152. Tax levy for payment of warrants.** The board of county commissioners shall annually determine the amount of *the* warrants drawn on the general fund for the purposes of controlling insect pests under a cropland spraying program approved by the department of agriculture. *In* the succeeding year, *the board* shall levy a tax for the purpose of insect pest extermination sufficient to reimburse *the* general fund for the money paid out on *the* warrants. *The* tax shall be levied upon all the property in the county and shall not exceed 3 mills on each dollar of *taxable value.* If there *is* no money in the general fund with which to pay such warrants, they shall be registered and bear interest in the same manner as other county warrants. *In this* case the interest shall be computed and added to the amount for which such tax is levied."

Section 38. Section 16-1412, R.C.M. 1947, is amended to read as follows:

"**16-1412. Budget for district fairs — consideration by county commissioners — tax levy — district fair fund — expenditures.** (1) *To raise the revenue necessary to hold district fairs, the* board of directors shall meet during the first week of May of each year and make a budget of the amounts required in the conduct of the affairs of the district for the following year. *The board* shall deduct *from the budget* the probable income from the annual district fair and other exhibitions to be held by *the* district during the following year and shall then apportion the remaining balance among the various counties forming *the* district in proportion to the assessed property of each county as determined by the assessment rolls of the preceding year. *By mutual agreement of the directors,* the *share apportioned to the* county in which the fair is being conducted *may* be made larger than in other counties comprising the district. *The* secretary shall certify to each board of county commissioners the amount of *the* budget and the amount of revenue to be raised by *the* county for *these* purposes and shall file a certified copy thereof with the clerk of the board of county commissioners of each of the counties in *the* district on or before June *1* of each year. The respective boards of county commissioners of the counties comprising *the* district shall meet in joint assembly with their county fair commissioners during the first week of June of each year and jointly consider the budget proposed by the board of directors of the district and give such approval or suggest such amendments or modifications as *they think* proper and desirable.

(2) If the county commissioners fail to hold *the* joint meeting or fail to take any action, then the budget certified by the secretary of the fair

district shall be without further action approved and the sums of money apportioned to the county shall be the sums to be raised by special levy for *this* purpose. For the purpose of raising the revenues, the board of county commissioners of each county in the district shall annually make a levy to raise the required sum apportioned to the respective counties. *However*, the levy shall not exceed 1 mill on the dollar of the *taxable value* of all the taxable property in the county, except in the case of the county in which the fair is being conducted. *In this* county, the levy shall not exceed 1 ½ mills on the dollar of taxable property in the county. *In* addition *to this levy*, any and all moneys available *for* the holding of county fairs may be allotted and transferred to the use of the district fair as the respective county fair commissioners may elect. *The* funds available to a district fair shall, on the first Monday in August or as soon thereafter as may be possible, be deposited with the county treasurer of the county in which the district fair is to be held and credited to a fund to be known as the district fair fund, held and paid out in the same manner as the county fair fund, except that it shall be paid out on district fair board warrants signed by the chairman or the vice-chairman and the secretary of the district fair board. *The* treasurer of the county in which the district fair *will* be held shall carry the moneys received from the various counties in the district in the regular county fair fund in the same manner as regular county fair moneys, payable, however, only on district fair warrants."

Section 39. Section 16-2010.1, R.C.M. 1947, is amended to read as follows:

"**16-2010.1. Limit on city-county consolidated indebtedness.** No city-county consolidated local government may issue bonds for any purpose which, with all outstanding indebtedness, *may* exceed *27%* of the *taxable* value of the property therein *subject to taxation*, *as* ascertained by the last assessment for state and county taxes. *However*, for the purpose of constructing a sewerage system or procuring a water supply or constructing or acquiring a water system for a city-county consolidated government which shall own and control such water supply and water system and devote the revenues therefrom to the payment of the debt, a city-county consolidated government may incur an additional indebtedness by borrowing money or issuing bonds. The additional indebtedness, which may be incurred by borrowing money or issuing bonds for the construction of a sewerage system or for the procurement of a water supply or for both such purposes, may not in the aggregate exceed 10% over and above the *27%* heretofore referred to of the *taxable* value of the property therein *subject to taxation* as ascertained by the last assessment for state and county taxes. The issuing of bonds for the purpose of funding or refunding outstanding warrants or bonds is not the incurring of a new or additional indebtedness but is merely the changing of the evidence of outstanding indebtedness."

Section 40. Section 16-4020, R.C.M. 1947, is amended to read as follows:

"**16-4020. Disposal of property — leasing — sale.** (1) Each county to which any part of an abandoned and abolished county is attached *becomes* the owner under the provisions of this act of the real and tangible

personal property of *the* abandoned and abolished county *and* may use all of *this* property for county purposes, may lease any of *this* real estate, or *may* sell any of *the* real estate or personal property.

(2) No personal property having a value in excess of $100 *may* be sold unless *it* has been appraised within *1* year immediately prior to the date of sale by three taxpayers *who reside* within the territory of the abandoned and abolished county *and who were* appointed by the judge of the district court to which the county succeeding to the ownership of *the* property is attached, on petition of the board of county commissioners thereof. *No* sale of any personal property *may* be made except at public sale after notice or for a price less than 90% of *the* appraised value.

(3) No real property *may* be leased unless the board of county commissioners *presents* to the judge of the district court to which the county is attached a petition describing the real estate, with any improvements thereon, and setting forth the terms of the proposed lease. *The petition* shall be approved by *the* judge and filed in the office of the clerk of *the* county.

(4) No real estate *may* be sold by *the* board of county commissioners unless the *property* has been appraised within *1* year immediately prior to the date of sale by three taxpayers *who reside* within the territory of the abandoned and abolished county *and who were* appointed by the judge of the district court to which the county is attached, on petition of the board of county commissioners of such county. *Every* sale of real estate shall be made at public sale, and notice shall be published once a week for at least two weeks immediately prior to the date for holding the same, in the official newspaper of the county, and no such real estate shall be sold for a price less than ninety per centum (90%) of the appraised value thereof.

(5) The full purchase price of any real estate so sold shall not be required to be made in one payment but the purchaser thereof may pay the same in four installments, the first of which shall be not less than twenty five per centum (25%) of the purchase price to be paid at the time of purchase, the remainder to be paid in three equal annual installments with interest thereon at not less than five per centum (5%) per annum. All real estate sold, with any improvements thereon, shall be subject to assessment and taxation annually to the purchaser or his successor in interest, at a value equal to the amount paid on the purchase price thereof until the purchase price is fully paid when such real estate shall be assessed at its full cash value, and any and all improvements placed on any such real estate, after its purchase, shall be subject to assessment and taxation at the full cash value thereof. Whenever the purchase price of any real estate is to be paid in installments the board of county commissioners shall enter into a contract with the purchaser thereof and such contract shall be recorded in the office of the county clerk. When payment in full has been made for any personal property or real estate the chairman of the board of county commissioners shall execute and deliver the proper bill of sale or deed to the purchaser or his successor in interest.

(6) The compensation of all appraisers appointed under the provisions of this section shall be fixed by the district judge appointing the same.

Moneys received from leases or sales of real or personal property by any county other than the county designated in the petition for abandonment as the county to which the territory of the abandoned county is to be allocated shall be transmitted by the officers of such counties to the treasurer of the county designated in such petition for abandonment.

(7) All moneys received from the sales of personal property and from the leasing or sales of real estate, after deducting therefrom the amounts paid appraisers and for publishing notices of sale, shall be used and applied as follows:

If there are any warrants issued and outstanding against any of the funds of the abandoned and abolished county, such moneys shall be applied in payment of such warrants and interest;

(b) if there are no warrants outstanding but district bonds have been issued under the provisions of subdivision (b) of 16-4016, then *the* moneys shall be deposited in the sinking and interest fund for district *bonds*;

(c) if there *are* no district bonds outstanding, then *the* moneys shall be deposited to the credit of the sinking and interest funds for bonds issued and outstanding when the abandoned and abolished county ceased to exist; and

(d) if there *are* no bonds outstanding, then *the* moneys shall be apportioned to all of the counties to which parts of the abandoned county were attached in the proportion which the *taxable value* of the property in each part on January *1* immediately preceding the abandonment bears to the *taxable value* of all the property in *the* abandoned county. *The apportioned moneys shall be* deposited in *the* funds of *each* county as the boards of county commissioners of *the* counties may direct."

Section 41. Section 32-3107, R.C.M. 1947, is amended to read as follows:

"**32-3107. Report of county road superintendent — order creating district.** (1) At the next annual meeting of the board after the road superintendent has completed surveying the road and making estimates, he shall make a detailed report. The report shall state that the maps, descriptions, plans, specifications, and details and estimates of damages, costs, and expenses have been completed.

(2) The whole amount of damages, costs, and expenses shall not exceed *135%* of the total *taxable value* of the parcels of land in the district, as determined from the last annual assessment roll of the county. If it does not, the board shall make and enter upon the report an order that the road be made.

(3) That order shall create the local improvement district to be known and designated as local improvement district No ..... in .... county, Montana. Copies of the report shall be kept in the offices of the board and road superintendent."

Section 42. Section 46-1914, R.C.M. 1947, is amended to read as follows:

"**46-1914. Levy of tax for purpose of paying for destruction of wild animals — limitation on levy.** The department of revenue shall annually prescribe the levy recommended by the department to be made against livestock of all classes for paying for the destruction of wild animals killed in this state. The tax in any one year may not exceed 7.5 mills on the *taxable value* of the livestock. The money received shall be used only for the payment of claims for the destruction of wild animals and for the administration of this act, approved by the department. The money received for the taxes levied shall be sent annually with other taxes to the state treasurer by the county treasurer of each county. *When the money is* received by the state treasurer, *it* shall be placed in the earmarked revenue fund and may then be paid out on claims approved under the law governing the payment of claims."

Section 43. Section 53-114, R.C.M. 1947, is amended to read as follows:

"**53-114. Application for registration of motor vehicles and payment of license fees thereon — assessment of motor vehicles in the stock of licensed motor vehicle dealers as merchandise.** (1) Every owner of a motor vehicle operated or driven upon the public highways of this state shall, for each motor vehicle owned, except as herein otherwise expressly provided, file or cause to be filed in the office of the county treasurer *where the* motor vehicle is owned or taxable an application for registration or reregistration upon *a* blank form to be prepared and furnished by the registrar of motor vehicles. *The* application shall contain:

(a) *name* and address of owner, giving county, school district, and town or city within whose corporate limits the motor vehicle is taxable;

(b) *name* and address of conditional sales vendor, mortgagee, or holder of other lien against *the* motor vehicle, with statement of amount owing under such contract or lien;

(c) *description* of motor vehicle, including make, year model, engine or serial number, manufacturer's model or letter, gross weight, type of body, and if truck, the rated capacity;

(d) *in* case of reregistration, the license number for the preceding year; *and*

(e) *such* other information as the registrar of motor vehicles may require.

(2) *A person who* files an application for registration or reregistration of a motor vehicle, except of a mobile home as defined in 84-101, shall before filing such application with the county treasurer submit the same to the county assessor of *the* county. *The* county assessor shall enter on *the* application in a space to be provided for that purpose the *market value and taxable value* of *the* vehicle for the year for which *the* application for registration is made.

(3) *A person who* files an application for registration or reregistration of a motor vehicle, except of a mobile home as defined in 84-101, shall upon the filing of *the* application pay to the county treasurer the registration fee, as provided in 53-122 and 53-115, and pay the personal property

taxes assessed or the new motor vehicle sales tax against *the* vehicle for the current year of registration, unless the same shall have been theretofore paid for *the* year, before the application for registration or reregistration may be accepted by the county treasurer. The county treasurer *may* make full and complete investigation of the tax status of *the* vehicle. *Any* applicant for registration or reregistration must submit proof from the tax records of the proper county at the request of the county treasurer.

(4) The amount of taxes on *the* motor vehicle, except a mobile home as defined in 84-101, *is* computed and determined by the county treasurer on the basis of the levy of the year preceding the current year of application for registration or reregistration. *The* determination *is* entered on the application form in a space provided therefor.

(5) Motor vehicles, except mobile homes as defined in 84-101, are *assessed* for *taxes* on January *1* in each year irrespective of the time fixed by law for the assessment of other classes of personal property and irrespective of whether the levy and tax may be a lien upon real property within the state of Montana. *In* no event *may* any motor vehicle be subject to assessment, levy, and taxation more than once in each year.

(6) The applicant for original registration of any wholly new and unused motor vehicle, except a mobile home as defined in 84-101, acquired by original contract after January *1* of any year shall be required, whenever such vehicle has not been otherwise assessed, to pay the motor vehicle sales tax provided by 32-3315, irrespective of whether *the* vehicle was in the state of Montana on January *1* of *the* year.

(7) Upon accepting application for registration or reregistration of any motor vehicle which is subject to taxation in this state on January 1 in any year and upon payment of taxes, the county treasurer shall stamp on *the* application: "taxes on this vehicle due January 1 of current year paid by applicant, prior applicant, or owner, and this vehicle is eligible for registration." Upon accepting application for registration of any motor vehicle which was not subject to taxation in this state on January *1* in any year, the county treasurer shall indicate *the* fact by proper entry on *the* application.

(8) The registrar of motor vehicles *may* make proper entry *of the payment of taxes in accord with the facts* on any certificate of title to *a* motor vehicle.

(9) Motor vehicles subject to anniversary date registration as provided in 53-154 through 53-162 are exempt from the provisions of *subsections* (5), (6), and (7) of this section."

Section 44. Section 53-1025, R.C.M. 1947, is amended to read as follows:

"53-1025. Display of tax-paid decals on snowmobiles required — application and issuance. *(1)* No snowmobile *may* be operated by any person in the state of Montana unless there is displayed in a conspicuous place *on it* a decal as visual proof that Montana personal property taxes have been paid *on it* for the current year.

(2) Application for the tax-paid decal shall be made to the county

treasurer upon forms to be furnished for this purpose, which may be obtained from the registrar of motor vehicles or at the county assessor's office in the county *where* the owner resides. *The application shall contain* the following information:

(a) name of owner;

(b) address;

(c) registration number;

(d) name of manufacturer;

(e) model number;

(f) make;

(g) horsepower;

(h) year of manufacture;

(i) statement evidencing assessment *and* payment of property tax; and

(j) such other information as the registrar of motor vehicles may require.

(3) The application shall be signed by the county treasurer and transmitted by him to the registrar of motor vehicles accompanied by a fee of $2. All moneys collected from payment of *the* fees shall be turned over to the state treasurer and placed in the earmarked revenue fund to the credit of the state fish and game commission, with $1 designated for use in enforcing the purposes of this act and $1 designated for use in developing snowmobile facilities. Upon receipt of the application in approved form, the registrar of motor vehicles or county treasurer shall issue to the applicant a decal in the style and design prescribed by the registrar of motor vehicles and of a different color than the preceding year, numbered *in sequence.*

(4) Before filing the application with the county treasurer, the applicant shall submit *it* to the county assessor of the county and the county assessor shall enter on the application in a place provided for that purpose the *market value and taxable value* of the snowmobile for the year for which the application is made.

(5) The applicant shall pay the county treasurer the application fee and the personal property taxes assessed against the snowmobile for the current year before the application for registration or reregistration may be accepted by the county treasurer."

Section 45. Section 69-3504, R.C.M. 1947, is amended to read as follows:

"**69-3504. Identification number.** *(1)* The owner of each motorboat requiring numbering by this state shall file an application for number in the office of the county treasurer *where* the motorboat or vessel is owned or taxable on forms prepared and furnished by the registrar of motor vehicles. The application shall be signed by the owner of the motorboat and shall be accompanied by a fee of $1. Any alteration, change,

or false statement contained in the application for certificate of registration will render the certificate of number null and void. Upon receipt of the application in approved form, the county treasurer shall issue to the applicant a certificate of number prepared and furnished by the registrar of motor vehicles, stating the number awarded to the motorboat and the name and address of the owner. The number awarded must be painted on or attached to each outboard side of the forward half of the motorboat or, if there are no such sides, at a corresponding location on both outboard sides of the foredeck of the motorboat. The number awarded shall read from left to right, in Arabic numerals, in block characters of good proportion *at least* 3 inches *tall*, excluding border or trim, and of a color *that contrasts* with the color of the background and so maintained as to be clearly visible and legible. The number *may* not be placed on the obscured underside of the flared bow where *it* cannot be easily seen from another vessel or ashore. No numerals, letters, or devices other than those used in connection with the identifying number issued *may* be placed in the proximity of the identifying number. *No* numerals, letters, or devices which might interfere with the ready identification of the motorboat by its identifying number *may* be carried as to interfere with the motorboat's identification. The certificate of number shall be pocket size and available to federal, state, or local law enforcement officers at all reasonable times for inspection on the motorboat, whenever the motorboat is on waters of this state. *Boat* liveries are not required to have the certificate of number on board each motorboat. *A* rental agreement must be carried on board livery motorboats in place of the certificate of number.

(2) Before filing *the* application with the county treasurer, the applicant shall submit *it* to the county assessor of *the* county and *the* county assessor shall enter on *the* application in a space to be provided for that purpose the *market value and taxable value* of *the* vehicle for the year for which *the* application for registration is made.

(3) The applicant shall upon the filing of the application pay to the county treasurer the registration fee and the personal property taxes assessed against the motorboat or vessel for the current year of registration before the application for registration or reregistration may be accepted by the county treasurer.

(4) A dealer or manufacturer may apply directly to the registrar of motor vehicles for one identifying number and one or more certificates of number. A dealer's or manufacturer's identifying number shall be displayed on *his* boat while the boat is operating for a purpose related to the buying, selling, or exchanging of the boat by the dealer *or manufacturer.* The application for a dealer's or manufacturer's identifying number shall include *his* name and business address. Each dealer or manufacturer *will* have one identifying number assigned to his business. An application for dealer's or manufacturer's identifying number and certificate of number *must* be accompanied by the following fees:

(a) for the identifying number, first certificate of number, and set of license decals, $5;

(b) for each additional certificate of number and set of license decals applied for in any application, $2.

(5) The registrar of motor vehicles shall issue certificates of number for *the* identifying number awarded to a dealer or manufacturer in the same manner as provided in 69-3504(a), except that no boat shall be described in the certificate and each certificate shall state that the identifying number has been awarded to a dealer or manufacturer. A dealer's or manufacturer's certificate of number expires on April 30 of the year for which it is issued. A dealer's or manufacturer's identifying number shall be displayed in the same manner as provided in 69-3504(a) of this act, except that the number may be temporarily attached and that the last three letters shall be "DLR" for dealer and "MFR" for manufacturer. *These* letters shall be included, respectively, in dealer or manufacturer identification numbers only. No person other than a dealer or manufacturer or an employee of a dealer or manufacturer shall display or use a dealer's or manufacturer's identifying number. A dealer's or manufacturer's identifying number may be displayed only on motorboats owned by the dealer or manufacturer. No dealer or manufacturer or employee of a dealer or manufacturer *may* use a dealer's or manufacturer's identifying number for any purpose other than the purpose described in subsection *(4)* of this section.

(6) The owner of any motorboat already covered by a number in full force and effect *that* has been awarded to it *under* operative federal law or a federally approved numbering system of another state shall record the number prior to operating the motorboat on the waters of this state in excess of the 60-day reciprocity period provided for in 69-3506(1) of this act. *The record* shall be *made according to the* procedure required for the award of number under subsection *(1)* of this section.

(7) Should the ownership of a motorboat change, a new application form with fee shall be filed *within a reasonable time* with the county treasurer and a new certificate of number awarded in the same manner as provided for in an original award of number.

(8) If an agency of the United States government has in force *a comprehensive* system of identification numbering for motorboats in the United States, the numbering system employed pursuant to this act by the registrar of motor vehicles shall be in conformity.

(9) Every certificate of number and the license decals awarded under this act shall continue in effect for a period not to exceed 1 year unless sooner terminated or discontinued in accordance with the provisions of this act. Certificates of number and license decals shall show the date of expiration and may be renewed by the owner in the same manner provided for in the initial securing of the certificate.

(10) Certificates of number shall expire on April 30 of each year and *may not* be *in* effect unless renewed under this act.

(11) In event of transfer of ownership, the purchaser shall furnish the county treasurer notice *within reasonable time* of the acquisition of all or any part of his interest, other than the creation of a security interest, in a motorboat numbered in this state or of the loss, theft, destruction, or abandonment of the motorboat. *The* transfer, loss, theft, destruction, or abandonment *terminates* the certificate of number for the motorboat.

Recovery from theft or transfer of a part interest *that* does not affect the owner's right to operate the motorboat does not terminate the certificate of number.

(12) A holder of a certificate of number shall notify the county treasurer within reasonable time if his address no longer conforms to the address appearing on the certificate and furnish the county treasurer with his new address. The registrar of motor vehicles may provide in *bureau* rules for the surrender of the certificate bearing the former address and its replacement with a certificate bearing the new address or the alteration of an outstanding certificate to show the new address of the holder.

(13) No number other than the number and license decal awarded to a motorboat or granted reciprocity under this act shall be painted, attached, or otherwise displayed on either side of the forward half of the motorboat.

(14) Fees collected under this section shall be transmitted to the state treasurer who shall deposit the fees in the motorboat certificate identification account of an earmarked revenue fund. These fees shall be used only for the administration and enforcement of 69-3501 through 69-3518.

(15) An owner of a motorboat must *within reasonable time* notify the registrar of motor vehicles, giving the motorboat's identifying number and the owner's name when that motorboat becomes documented as a vessel of the United States *or* is transferred, lost, destroyed, abandoned, frauded, or within 60 days after change of state of principal use."

Section 46. Section 75-7104, R.C.M. 1947, is amended to read as follows:

"**75-7104. Limitations on amount of bond issue.** (1) The maximum amount for which each school district *may* become indebted by the issuance of bonds, including all indebtedness represented by outstanding bonds of previous issues and registered warrants, is *29%* of the *taxable* value of the property *subject to taxation* as ascertained by the last completed assessment for state, county, and school taxes previous to the incurring of such indebtedness. The *29%* maximum, however, *may* not pertain to indebtedness imposed by special improvement district obligations or assessments against the school district. All bonds issued in excess of such amount shall be null and void, except as provided in *this section.*

(2) When the total indebtedness of a school district has reached the *29%* limitation prescribed in this section, *the* school district *may* pay all reasonable and necessary expenses of the school district on a cash basis in accordance with the financial administration provisions of this *chapter.* Whenever bonds are issued for the purpose of refunding bonds, any moneys to the credit of the debt service fund for the payment of the bonds to be refunded *are* applied towards the payment of such bonds and the refunding bond issue *is* decreased accordingly.

(3) In a school district within which a new major industrial facility which seeks to qualify for taxation as class *eighteen* property under *84-301.19* is being constructed or is about to be constructed, the school district may require, as a precondition of the new major industrial facility

qualifying as class *eighteen* property, that the owners of the proposed industrial facility enter into an agreement with the school district concerning the issuing of bonds in excess of the *29%* limitation prescribed in *this section.* Under such an agreement, the school district may with the approval of the voters issue bonds which exceed the limitation prescribed in *this section* by a maximum of *29%* of the estimated *taxable* value of the property of the new major industrial facility *subject to taxation* when completed. The estimated *taxable* value of the property of the new major industrial facility *subject to taxation* shall be computed by the department of revenue when requested to do so by a resolution of the board of trustees of the school district. *A* copy of the department's statement of estimated *taxable* value shall be printed on each ballot used to vote on a bond issue proposed under this *section.*

(4) Pursuant to the agreement between the new major industrial facility and the school district and as a precondition to qualifying as class *eighteen* property, the new major industrial facility and its owners shall *pay,* in addition to *the* taxes imposed by the school district on property owners generally, so much of the principal and *interest* on the bonds provided for under this *section* as *represents* payment on an indebtedness in excess of the limitation prescribed in *this section.* After the completion of the new major industrial facility and when the indebtedness of the school district no longer exceeds the limitation prescribed in *this section,* the new major industrial facility shall be entitled, after all the current indebtedness of the school district has been paid, to a tax credit over a period of no more than 20 years. *The* credit shall as a total amount be equal to the amount which the facility paid the principal and interest of the school district's bonds in excess of its general liability as a taxpayer within the district.

(5) A major industrial facility is a facility subject to the taxing power of the school district whose construction or operation will increase the population of the district, *imposing* a significant burden upon the resources of the district and *requiring* construction of new school facilities. A significant burden is an increase in ANB of at least 20% in a single year."

Section 47. Section 75-8104, R.C.M. 1947, is amended to read as follows:

"**75-8104. Requirements for organization of community college district.** The registered electors in any area of the state of Montana may request an election for the organization of a community college district where the proposed community college district conforms to the following requirements:

(1) The proposed area *coincides* with the then-existing boundaries of contiguous elementary districts of one or more counties.

(2) The *taxable value* of the proposed area is at least *$10 million.*

(3) There are at least 700 pupils regularly enrolled in public and private high schools located in the proposed area."

Section 48. Section 84-101, R.C.M. 1947, is amended to read as follows:

"**84-101. Definition of terms.** *When* terms mentioned in this section are *used in connection with* taxation, they are *defined in the following manner:*

(1) The term "property" includes moneys, credits, bonds, stocks, franchises, and all other matters and things real, personal, and mixed capable of private ownership. *This definition* must not be construed to authorize the taxation of the stocks of any company or corporation when the property of such company or corporation represented by *the* stocks is within the state and has been taxed.

(2) The term "real estate" includes:

(a) the possession of, claim to, ownership of, or right to the possession of land;

(b) all mines, minerals, and quarries in and under the land subject to the provisions of 84-5401; all timber belonging to individuals or corporations growing or being on the lands of the United States; and all *rights* and privileges appertaining thereto.

(3) The term "improvements" includes all buildings, structures, fixtures, fences, and improvements situated upon, erected upon, or affixed to land. *When* the department of revenue or its agent determines that the permanency of location of *a* mobile home *or housetrailer* has been established, *the* mobile home *or housetrailer* is presumed to be an improvement to real property. If the mobile home or house trailer is an improvement located on land not owned by the owner of such improvement, the improvement *is* assessed as a leasehold improvement to real property and delinquent taxes can be a lien only on the leasehold improvement.

(4) The term "personal property" includes everything *that* is the subject of ownership *but that is* not included within the meaning of the term "real estate" and "improvements".

(5) The term "credit" means solvent debts, secured or unsecured, owing to a person.

(6) The term "mobile home" means forms of housing known as "trailers", "house trailers", or "trailer coaches" exceeding 8 feet in width or 32 feet in length, designed to be moved from one place to another by an independent power connected *to them.*

(7) The term "assessed value" means the value of property as defined in 84-401.

(8) The term "taxable value" means the percentage of assessed value as provided for in 84-301.2 through 84-301.19."

Section 49. Section 84-402, R.C.M. 1947, is amended to read as follows:

"**84-402. County assessor to be agent of the department of revenue.** *(1)* The county assessors of the various counties of the state of Montana are agents of the department of revenue for the purpose of locat-

ing and providing the department a description of all taxable property within the county together with other pertinent information and for the purpose of performing such other administrative duties as are required for placing taxable property on the assessment roles. The assessors shall perform such other duties as are required by law, not in conflict with the provisions of this subsection.

(2) The department of revenue shall have full charge of *assessing* all property subject to taxation and equalizing values and shall secure such personnel as is necessary to properly perform *its* duties.

(3) The *salary* of the county assessor shall be the same amount as provided by law for the salary of the county clerk and recorder; deputy assessors' salaries shall be the same as paid the deputy clerk and recorder.

(4) The county commissioners of the various counties shall provide existing office space in the county courthouse for use by the county assessor, his deputies and staff, and the state appraiser and staff, if such space is reasonably available. *If* such space is not reasonably available in the courthouse and the same must be contracted for, the department shall pay the cost thereof. Additional personal property required by the department for the assessor to perform his duties as agent of the department shall be provided by the department."

Section 50. Section 84-404, R.C.M. 1947, is amended to read as follows:

"84-404. Department of revenue to assign percentage basis — when. The percentage basis of *assessed* value as provided for in *84-301.2 through 84-301.19 is* determined and assigned by the department of revenue when it makes its annual assessment of the property which it is required to assess *centrally* under the laws of this state. *The department* shall transmit such determination and assignment to the various county clerks with the assessments so made, and its determination *is* final except as to the right of review in the proper court."

Section 51. Section 84-406, R.C.M. 1947, is amended to read as follows:

"84-406. General assessment day. (1) The department of revenue or its agent must, between January *1* and the second Monday of July in each year, ascertain the names of all taxable inhabitants and assess all property in each county subject to taxation. *The* department *or its agent* must assess property to the *person* by whom it was owned or claimed or in whose possession or control it was at 12 midnight of January *1* next preceding. It must also ascertain and assess all mobile homes arriving in the county after 12 midnight of January *1* next preceding.

(2) The procedure provided by this section *may* not apply to:

(a) *motor* vehicles *that* are required by *subsection (4)* to be assessed *on* January *1* or upon their anniversary registration date. *No* mistake in the name of the owner or supposed owner of real property, *however,* renders the assessment invalid.

(b) *livestock* which are required by *subsection (6)* of this section to be assessed on an average inventory basis in each county;

(c) *property* defined in 53-642 as "special mobile equipment" *that* is subject to assessment *for* personal property taxes on the date that application is made for a special mobile equipment plate;

(d) *mobile* homes held by a distributor or dealer of mobile homes as a part of his stock in trade; *and*

(e) snowmobiles that are required by *subsection (8)* to be assessed as of July *1.*

(3) Credits must be assessed as provided in 84-101, subsection (5).

(4) The department or its agent must ascertain and assess all motor vehicles except mobile homes in each county subject to taxation as of January 1 or as of the anniversary registration date of those vehicles subject to 53-154 through 53-162, in each year. *The motor vehicles* shall be assessed to the persons by whom owned or claimed or in whose possession or control *they were* at 12 midnight of January *1* or the anniversary registration date thereof, whichever is applicable, in each year. *No* tax *may* be assessed against motor vehicles *that* constitute inventory of motor vehicle dealers as of January 1. *These* vehicles and all other motor vehicles brought into the state subsequent to January 1 as motor vehicle *dealers' inventories* shall be assessed to their respective purchasers as of the dates *the* vehicles are registered by *the* purchasers. *"Purchasers"* includes dealers who apply for registration or *reregistration* of motor vehicles, except as otherwise provided by 32-3315. Goods, wares, and merchandise of motor vehicle dealers, other than new motor vehicles and new mobile homes, shall be assessed at *market* value as of January *1.*

(5) The applicant for registration or reregistration of *a* motor vehicle, *other than a mobile home, is not relieved* of the duty of paying taxes *if the* taxes have not been paid by *a* prior applicant or owner in all cases where *taxes were* required to be paid.

(6) The assessed value of livestock in each county on the assessment date *is* computed by adding the assessed value of all livestock more than 9 months of age owned by the taxpayer in each county on the last day of each month since the last assessment date and dividing the sum by 12. For purposes of this *subsection,* "livestock" means cattle, sheep, horses, and mules.

(7) The department of revenue or its agent must assess all campers in each county subject to taxation as of January 1 in each year. *The campers* shall be assessed to the persons *including dealers* by whom owned or claimed or in whose possession or control *they were* at 12 midnight of January *1* in each year.

(8) The department of revenue or its agent must assess all snowmobiles in each county subject to taxation as of July 1 in each year. *A snowmobile* shall be assessed to the *person* by whom owned or claimed or in whose possession or control *it* was at 12 midnight of July *1* in each year, *except* snowmobiles *in the* inventory of dealers *which* shall be assessed to the dealers as of 12 midnight of January *1* in each year."

Section 52. Section 84-602, R.C.M. 1947, is amended to read as follows:

"**84-602. Equalization of assessments.** *After* giving notice in writing to *a* taxpayer by registered or certified mail addressed to him at his last known place of residence of its intention, *the department of revenue may* increase or lower *the taxpayer's* assessment contained in the assessment book to equalize the assessment of the property and make the assessment conform to the *assessed* value of such property *as defined in 84-401. The* notice shall specify when *the taxpayer* may appear and be heard thereon, *at a date and hour* not less than 5 days from date of mailing *the* notice. *Immediately* after reaching a decision, the department shall notify the taxpayer in writing of *the* decision, specifying the change, if any, made in the assessment. *The* notice *must* be given by registered or certified mail *and* addressed to the taxpayer at his last known place of residence. The department *may* also raise or lower the valuation of all the property in a class by a certain percentage, *if* any class of property is assessed as a class at more or less than its *assessed* value *as defined by 84-401 by the department's* agent and *if* the valuation of property within the county demands a general reclassification."

Section 53. Section 84-708.1, R.C.M. 1947, is amended to read as follows:

"**84-708.1. Powers and duties of the department of revenue.** (1) *The department of revenue shall centrally assess the properties described in 84-7801.*

(2) The department may adopt rules necessary for the taxation of property under chapters 8, 9, 13, 54, 62, 64, and 78.

(3) The department shall transmit to the county clerk of each county its apportionment of all assessments made by the department.

(4) The department shall adjust and equalize the valuation of taxable property among the several counties and the different classes of taxable property in any county and in the several counties and between individual taxpayers; supervise and review the acts of agents of the department; change, increase, or decrease valuations made by its agents; and exercise such authority and do all things necessary to secure a fair, just, and equitable valuation of all taxable property among counties between the different classes of property and between individual taxpayers.

(5) The department shall exercise general supervision over the administration of the assessment and tax laws of the state and over its agents and any officers of municipal corporations having any duties to perform under any of the laws of this state relating to taxation to the end that all assessments of property be made relatively just and equal at *a* value in substantial compliance with law and supervise the administration of all revenue laws of the state and assist in their enforcement. *The* department of revenue shall schedule and hold area schools within the state for appraisers and assessors as often as *it considers* necessary. *The* costs of such appraisers and assessors attending shall be borne by the state. The department shall notify all assessors and appraisers at least 6 months before such school is scheduled. *All* assessors and appraisers *shall* attend.

(6) The department shall confer with, advise, and direct officers of

municipal corporations as to their duties with respect to taxation under the statutes of the state.

(7) The department may direct proceedings, actions, and prosecutions to be instituted to enforce the laws relating to the penalties, liabilities, and punishment of public officials and persons or their agents for failure or neglect to comply with the provisions of the statutes governing the revenue of the state or municipal corporations. *The department shall* cause complaints to be made against assessors and other public officers to the proper district court for their removal from office for official misconduct or neglect of duty.

(8) The department may require county attorneys to assist in the commencement and prosecution of actions and proceedings for penalties, forfeitures, removals, and punishment for violations of the laws of the state in respect to the assessment of property and other revenue laws, in their respective counties.

(9) The department shall collect annually from the proper officers of the municipal corporations information *about* the assessment of property, collection of taxes, receipts from licenses and other sources, the expenditure of public funds for all purposes, and such other information as may be needful and helpful in the work of the department in such form and upon such blanks as the department shall prescribe. *It* shall be the duty of all public officers so called upon to fill out properly and return promptly to the department all blanks so transmitted and in every way aid the department in its work. *The department shall* examine the records of all municipal corporations for such purposes as are deemed needful or helpful.

(10) The department may, in its discretion, inspect and examine or cause an inspection and examination of the records of the officers of any municipality whenever *an* officer *has* failed, neglected, or refused to return properly the information required by this section within the time set by the department. Upon completion of such inspection and examination, the department shall transmit to the clerk or other proper official of the municipality a statement of the expenses incurred by the department to secure the necessary information. Within 60 days after the receipt by the municipality of the above statement, the same shall be audited as other claims of the municipal corporation are audited and shall be paid into the state treasury. *If* the *statement* is not paid, the attorney general shall institute an action in the proper court against the municipality to recover the same. The officers responsible for the furnishing of the information collected pursuant to this section shall be jointly and severally liable for any loss the municipality may suffer through their delinquency. *No* payment *may* be made to them for salary or on any other account until the cost of such inspection and examination as provided above *has* been paid into the treasury or to the proper officers of such municipality. They shall also be subject to *the* other fines and penalties prescribed by law.

(11) The department may require persons, as defined above, to furnish information concerning their capital, funded or other debt, current assets and liabilities, cost and value of property, earnings, operating and other

expenses, taxes, and all other facts which may enable the department to ascertain the value of the relative burdens borne by all kinds of property and occupations in the state.

(12) The department may summon witnesses to appear and give evidence and to produce records, books, papers, and documents relating to any matter which the department *has* authority to investigate and determine.

(13) The department may cause the deposition of witnesses residing within or without the state or absent therefrom to be taken upon notice to the interested party, if any, in like manner that depositions are taken in actions pending in the district court, in any matter which the department *has* authority to investigate and determine.

(14) The department may examine all cases where evasion or violation of the laws for taxation of property, proceeds, occupation, or business is alleged, complained of, or discovered and ascertain wherein existing laws are ineffective or are improperly or negligently administered.

(15) The department may investigate the tax systems of other states and countries and formulate and recommend legislation for the better administration of the fiscal laws so as to secure just and equal taxation and improvement in the system of taxation and the economical expenditure of public revenue in the state.

(16) The department shall consult and confer with the governor of the state upon the subject of taxation, the administration of the laws relating thereto, and the progress of the work of the department and furnish the governor such assistance as he may require.

(17) The department shall transmit to the governor and to each member of the legislature 20 days before the meeting of the legislature a report of the department, showing all the taxable property of the state and *its* value in tabulated form, with recommendations for improvements in the system of taxation together with measures as may be formulated for the consideration of the legislature. *The department may* include a report showing the selling price of gasoline at the wholesale level in prime market centers of Montana and in surrounding states during the biennium with indexes tabulated at sufficient intervals to show the comparative state price structures.

(18) In its discretion, *the department may* waive the assessment of penalty for the late filing of any tax statement or return required to be filed with the department when the filing is done within 5 days of the date specified for filing the return or statement and the late payment of any tax collected by the department when the payment is made within 5 days of the date specified for payment of the tax.

(19) In its discretion, *the department may* enter into reciprocal agreements with the taxing authorities of states contiguous to the state of Montana which tax the income of Montana residents earned in that state to provide that the tax imposed by Title 84, chapter 49 on income derived by persons who are nonresidents of this state *is not payable* when such other state or states agree to grant similar treatment to residents of Montana."

Section 54. Section 84-728, R.C.M. 1947, is amended to read as follows:

"84-728. Valuation of interstate fleets — determination of aggregate tax due. The department of revenue shall assess any interstate motor vehicle fleet making application for proportional registration as follows:

(1) The purchase price depreciated by a schedule as prescribed by the department shall determine the depreciated value.

(2) The depreciated value multiplied by the *percent* of miles traveled in Montana as prescribed by 53-712 shall be the assessed value.

(3) The sum of the assessed value of all vehicles included in the fleet multiplied by *12%* shall be the taxable value for the entire fleet.

(4) To determine the amount of tax due, the taxable value of the entire fleet shall be multiplied by the *statewide* average county mill levy plus state levies as hereinafter provided."

Section 55. Section 84-4605, R.C.M. 1947, is amended to read as follows:

"84-4605. Taxation of banks and shares of stock in. (1) Every state bank or banking corporation located and doing business in this state and every private banker doing business in this state shall be *taxed* upon the value of all real estate and personal property owned by *the* bank, banking corporation, or private banker, upon the moneyed capital employed in *the* business, *and such* moneyed capital to be ascertained as provided by *84-301.6. The* cashier or secretary of every bank or banking corporation and every private banker shall furnish to the department of revenue or its agent in the county in which its or his bank is located, within *5* days after demand therefor, a statement verified by his oath, showing all the resources and liabilities of *the* bank as disclosed by its books at the close of business on December 31 of the preceding year. *If the* cashier, secretary, or private banker *fails* to make the statement, the department or its agent shall forthwith obtain *the* information from any other available source and for this purpose shall have access to the books of *the* bank, banking corporation, or private banker. The department or its agent shall thereupon make an assessment of the real estate and personal property owned by *the* bank, banking corporation, or private banker and of the moneyed capital employed in the business of *the* bank, banking corporation, or private banker. *The* assessment shall be as fair and equitable as can be made from the best information available. *For* the purpose of *the* assessment, the figures disclosed by any prior report made by *the* bank, banking corporation, or private banker to any state or federal officer pursuant to any state or federal law may be adopted. Any person required by this section to make the statement hereinabove provided who *fails* to furnish *it* shall be guilty of a misdemeanor and punished accordingly.

(2) All shares of stock in any bank or banking corporation shall be assessed at their full cash value, except to the extent that that value is represented in property which is assessable and taxable to *the* bank or banking corporation in this state, and shall be taxable to the owners of

the shares in the county, school district, city, town, or place where *the* bank or banking corporation is located, whether the owners of *the* shares are residents of such county, school district, city, town, or place.

(3) The cashier or secretary of any bank or banking corporation shall furnish to the department or its agent, upon demand, the name of each stockholder with his residence and the number of shares belonging to him at the close of business on December 31 of the preceding year. *If the* cashier or secretary, for more than 5 days after *the* demand, *fails* to furnish such information, he *is* guilty of a misdemeanor and the department or its agent may obtain information from any other available source *or from* the books of *the* bank or banking corporation. For convenience, the assessment of *the* shares shall be entered on the personal property assessment list under the name of the bank or banking corporation concerned, but in the assessment list the names of the owners of such shares shall be set forth and the number of shares owned by each. *The* assessment, when so entered, *has* all the force and effect as if made in the names of the owners of *the* shares individually. The bank or banking corporation in which *the* shares are owned *is* liable for the payment of taxes assessed against *the* shares, and *the* taxes *are* payable by and collected from *the* bank or banking corporation in the same manner and under the same penalties as other taxes. *The* bank or banking corporation may recover from *the* owners of shares any taxes paid on *the* shares and *has* a lien therefor upon *the* shares and upon any dividends accrued or to accrue thereon."

Section 56. Section 84-4701, R.C.M. 1947, is amended to read as follows:

"**84-4701. Limitation on amount of tax for municipal purposes — distribution of funds — levy for parks, swimming pools, playgrounds, youth centers, and other purposes.** The amount of taxes to be levied for general municipal or administrative purposes in cities and towns *may* not exceed 2.4% of the *taxable* value of the property of the city or town *subject to taxation. The* council or commission in each city or town may distribute the money collected into *the* funds prescribed by ordinance. *For* the purpose of procuring, equipping, and maintaining public parks, swimming pools, skating rinks, playgrounds, civic centers, youth centers, museums, and combinations thereof, the council or commission in any city or town may levy, in addition to the levy for general municipal or administrative purposes, *an amount* not exceeding 7 mills on the dollar on the *taxable* value of the property *to be taxed* of the city or town."

Section 57. Section 84-4701.2, R.C.M. 1947, is amended to read as follows:

"**84-4701.2. Maximum rate of all-purpose levy.** *(1) Except as provided elsewhere*, the cities and towns of the state of Montana may make an all-purpose annual levy upon the *taxable* value of all the property in *the* cities and towns *subject to taxation* for municipal purposes in lieu of the multiple levies now authorized by statute. The total of *the* all-purpose levy *may* not exceed 65 mills on the dollar. *This* levy *may* not include any levies necessary for bonded indebtedness, judgments, or special

improvement district revolving *funds of municipalities, which levies may be made* in addition to all-purpose levy as provided in 84-4701.1 and 84-4701.6. The moneys received from *the* all-purpose levy shall be accounted for in a common fund known as the all-purpose general fund.

(2) An amount not to exceed 5% of the moneys received from and as a part of the all-purpose levy aforesaid may be placed in a separate fund known as the capital improvement program fund to be earmarked for the replacement and acquisition of property, plant, or equipment costing in excess of $5,000 with a life expectancy of 5 years or more, provided that a capital improvement program has been formally adopted by city or town ordinance.

(3) The moneys held in the capital improvement program fund shall, whenever possible, be invested in savings or time deposits in a state or national bank insured by the federal deposit insurance corporation or in direct obligations of the United States government and credited back to the fund plus interest earned."

Section 58. Section 84-4713, R.C.M. 1947, is amended to read as follows:

"**84-4713. Taxes in cities and towns that have exceeded the statutory limit of indebtedness.** All taxes levied and collected or to be collected for municipal and administrative purposes by any city or town *in which* the indebtedness equals or exceeds the limit *allowed* in statute may be used in payment of current expenses during the fiscal year for which *the* taxes were levied, as *if* a special levy had been made for each of *the* purposes. *The* council of any such city or town *may* designate the amount of *the* general levy applicable to each of *the* purposes. *The* amount so designated *constitutes* a special fund for the special purpose of paying the expenses incurred for *the* purpose. *The* expenses shall be payable out of *the* fund and not otherwise. *However,* the aggregate of all taxes authorized for general municipal and administrative purposes *may* not exceed *5 ½ %* annually *of* the *taxable* value of all property *subject to taxation* in such city or town."

Section 59. Section 84-5103, R.C.M. 1947, is amended to read as follows:

"**84-5103. Taxation of credits of insurance companies — other property.** All property other than credits of insurance companies required by law to have and maintain a legal reserve for the protection of policyholders shall be assessed, classified, and taxed as other property of like character. Credits, including evidence of indebtedness secured by mortgages, less legal reserves for the protection of policyholders and other indebtedness, shall be classified and taxed on the basis of 30% of *market* value as thus ascertained."

Section 60. Section 84-5211, R.C.M. 1947, is amended to read as follows:

"**84-5211. Limitation of levies — livestock moneys.** The amount of *the* levy *may* not in any event exceed *10* mills upon the *taxable value* of sheep and *15* mills upon the *taxable value* of other livestock. *The levy*

is raised to aid in the payment of the general *expenses* of the brands-enforcement functions of the department of livestock, including salaries, office, detective, prosecution, travel, and all incidental *expenses. A* separate levy not *to exceed 15* mills on all livestock *may be raised* for the use of the animal health functions of the department of livestock *and* placed in *an* earmarked revenue fund for the payment of indemnity for animals slaughtered, for salaries and expenses incurred in investigating, controlling, and suppressing diseases, including expenses of quarantine and salaries and expenses incurred for such purposes, and for laboratory maintenance. *At the written request of the department of livestock* the state treasurer and state controller shall set aside in a separate account in the earmarked revenue fund *any* moneys as may be available and requested. *The* moneys *may* be expended only when the department of livestock determines that a livestock disease emergency exists requiring its expenditure for such purposes as the department of livestock may order and direct."

Section 61. **Instructions to code commissioner and publisher.** In preparing a composite section of section 84-5211, as amended by this act and by Chapter 120, Laws of 1977, the code commissoner and the publisher of the Revised Codes of Montana, 1947, shall indicate the authority granted by Chapter 120 as authority to levy an additional 5 mills on the taxable value of all livestock.

Section 62. Section 84-5214, R.C.M. 1947, is amended to read as follows:

"**84-5214. Levy for bounty moneys — use of proceeds.** The department of revenue shall annually levy an ad valorem tax on all livestock in the state of Montana for the purpose of protecting *them against destruction, depredation, and injury by wild animals, whether the livestock is on lands in private ownership, in the ownership of the state, or in the ownership of the United States, including open ranges and all lands in or of the public domain. This protection may be* by *any* means of effective predatory animal destruction, extermination, and control, including systematic hunting *and* trapping and payment of bounties. The tax levy *may* not exceed in any one year *7.5* mills on the *taxable value* of all sheep and *5 mills* on the *taxable value* of other livestock. The moneys received from *the* tax levies shall be transmitted monthly with other taxes for state purposes by the county treasurer of each county to the state treasury. *The* state treasurer *shall place the money in an* earmarked revenue fund with *the* other moneys *as provided in* 46-1901. *The* moneys shall thereafter be paid out only on claims duly and regularly presented to the department of livestock and approved by *the* department in accordance with the law applicable either to claims for bounties or for other expenditures necessary and proper for predatory animal control by means and methods *other* than payment of bounties, as determined by the department of livestock. All *the* moneys shall be available for the payment of bounty claims and for expenditures for planned, seasonal, or other campaigns directed or operated by the department in cooperation with other agencies for the systematic destruction, extermination, and control of predatory wild animals, as determined by the department and *its* advisory committee. No claims *may* be approved in excess of moneys available for such purposes, and no warrants *may* be registered against *the* moneys."

Section 63. Section 84-5216, R.C.M. 1947, is amended to read as follows:

"**84-5216. Tax levy for bounties on predatory animals.** Whenever the owners, agent, or agents of *the* owners representing *51%* of the livestock of any county in this state present a petition to the board of county commissioners of such county asking for the levy of a tax upon the livestock of *the* county for the purpose of paying bounties on predatory animals killed in *the* county, it *is* the duty of *the* board of county commissioners to make *the* levy, which *may* not exceed *50* mills on the dollar *of* the *taxable value* of all livestock in *the* county. *The* tax shall be assessed and collected in the same manner as all other state and county taxes."

Section 64. Section 84-5406, R.C.M. 1947, is amended to read as follows:

"**84-5406. Assessment of royalties.** Upon receipt of the list or schedule setting forth the names and addresses of any and all persons, corporations, and associations owning or claiming royalty and the amount paid or yielded as royalty to *the* royalty owners or claimants during the year for which *the* return is made, the department of revenue shall proceed to *assess and tax the* royalties on the same basis as net proceeds of mines are taxed as provided by *84-301.3*."

Section 65. Section 84-6008, R.C.M. 1947, is amended to read as follows:

"**84-6008. Assessment of personal property brought into the state — exceptions.** *(1) Property in the following cases is subject to taxation and assessment for all taxes levied that year in the county in which it is located:*

(a) any personal property including livestock brought, driven, or coming into this state at any time during the year *that* is used in the state for hire, compensation, or profit;

(b) property whose owner or user is engaged in gainful occupation or business enterprise in the state; or

(c) the property *which* comes to rest and becomes a part of the general property of the state.

(2) The taxes on this property are levied in the same manner and to the same extent, except as otherwise provided, as though *the* property had been in the county on the regular assessment date, provided that *the* property has not been regularly assessed for the year in some other county of the state.

(3) Nothing in this section shall be construed to levy *a* tax against *a* merchant or dealer within this state on goods, wares, or merchandise brought into the county to replenish the stock of *the* merchant or dealer in addition to the tax levied against the inventory of said merchant or dealer on the regular assessment date.

(4) This section shall not apply to motor vehicles brought, driven, or coming into this state by any nonresident, migratory, bona fide agricul-

tural workers temporarily employed in agricultural work in Montana *if the* motor vehicles are used exclusively for transportation of agricultural workers.

(5) Agricultural harvesting machinery classified under *classes eight and twelve,* licensed in other states, *and* operated on the lands of persons other than the owner of the machinery under contracts for hire shall be subject to a fee, in lieu of taxation, of $35 per machine for a 60-day period. *The* machines shall be subject to taxation under *classes eight and twelve* only if they are sold in Montana."

Section 66. Section 84-6102, R.C.M. 1947, is amended to read as follows:

"**84-6102. United States property held under contract of sale.** When *the* property is held under a contract of sale or other agreement whereby *upon* payment the legal title is or may be acquired by *the* person, corporation, or association, *the* real property shall be assessed and taxed as *defined in 84-301.2 through 84-301.19 and 84-401* without deduction on account of the whole or any part of the purchase price or other sum due on *the* property remaining unpaid. *The* lien for *the* tax *may not* attach to, impair, *or* be enforced against any interest of the United States in *the* real property."

Section 67. Section 84-6103, R.C.M. 1947, is amended to read as follows:

"**84-6103. United States property held under lease — assessment at value of leasehold.** When *the* property is held under lease, other interest, or estate therein less than the fee, except under contract of sale, *the* property shall be assessed and taxed as for the value *as defined in 84-301.2 through 84-301.19* of such leasehold, interest, or estate in *the* property and the lien for *the* tax shall attach to and be enforced against only the leasehold, interest, or estate in *the* property. *When* the United States authorizes the taxation of *the* property for the full *assessed* value of the fee thereof, *the* property shall be assessed for full *assessed* value, *as defined in 84-401.*"

Section 68. Section 84-6205, R.C.M. 1947, is amended to read as follows:

"**84-6205. Assessment of royalties.** The amount of royalty received shall be considered net proceeds to the recipient and shall be assessed as follows: *upon* receipt of the lists or schedules setting forth the names and addresses of any and all persons owning or claiming royalty and the amount paid or yielded as royalty to such royalty owners or claimants during the year for which such return is made, the department of revenue shall proceed to assess *and tax* the same as net proceeds of mines."

Section 69. Section 84-6407, R.C.M. 1947, is amended to read as follows:

"**84-6407. Transmission of statement of amount apportioned to counties.** On or before the second Monday in July, the department shall apportion *the* assessment to the counties in or through which the airline operates. The county assessor must enter the amount of the assessment

apportioned to the county in the column of the assessment roll or book which shows the total value of all property for taxation in the county. The assessment shall be assigned to class *seven.*"

Section 70. Section 84-7513, R.C.M. 1947, is amended to read as follows:

"**84-7513. Valuation of commercial land.** After classification as commercial, land, whether occupied or not, *may* not change in value for tax purposes unless it meets or is governed by the following provisions:

(1) Class A—open undeveloped land. Open undeveloped land within the boundaries *of designated* commercial land which has value and is not designated for usage as a parking area or park and developed as such within 2 years from the effective date of this act shall be subject to taxation in the following method (after the 2-year grace period):

1st year taxation—1% over valuation existing at the beginning of the 2 years;
2nd year taxation—+2% over the previous year's valuation;
3rd year taxation—+10% over the previous year's valuation;
3-5 years taxation—+20% over the previous year's valuation;
over *5* years—+30% over the previous year's valuation.

(2) Class B—existing improved land. All land in a commercial class shall remain in the same taxable base until expanded or remodeled. No expansion or remodeling *may* occur without approval of the governing body. Upon remodeling or improving, it shall receive a reduction in valuation in the amount of its valuation change which shall apply as a reduction in valuation of the property for a period of 5 years, commencing in the amount of the cost of remodeling or improving in the first year and reducing in an amount of 20% per year for each remaining year thereafter.

(3) Class C—existing improved land. Existing structures and buildings shall be frozen in their existing tax base for a period of 10 years, unless remodeled, where section 12(1)(a) shall apply. If not remodeled after 10 years, the following shall apply:

	Tax increase according to the years since remodeled last			
Age of structure in years	1-5 years	5-10 years	10-15 years	15 years and over
10-12	1%	2%	4%	5%
12-15	2%	4%	6%	8%
15-20	4%	8%	12%	16%
21-25	10%	12%	16%	18%
26-30	15%	18%	20%	24%
31-40	25%	28%	30%	35%
40-50	40%	45%	50%	60%
50-Over	50%	60%	75%	100%

(4) Class D—new improved land.

(a) The construction cost and land cost of any commercial development

within a classified commercial or residential area *may* not be taxed for its construction period.

(b) Following the nontaxable period the total cost of land and improvements developed as new commercial property shall be taxed as follows:

Commercial land location	Taxable schedule
(i) Land within and extending 900 feet beyond that area designated by the governing authority as the central business district of a community.	Improvements shall be taxed in additional increments as follows: 10% increase in *assessed* value per year until a total value for tax purposes is 100% of *assessed* value.
(ii) Land from that designation under subsection (4)(b)(i) to the corporate boundary or city limits.	Improvements shall be taxed in additional increments as follows: A 33 ⅓% increase in *assessed value* per year until a total value for tax purposes is 100% of *assessed* value.
(iii) Land lying from the corporate boundary to the 4 ½-mile limit.	An increase in taxes over the normally assessed value of 10% per year for a period of *10* years unless given a waiver by the governing authority.
(iv) Land lying beyond the 4 ½-mile limit.	An increase in taxes over the normally assessed value of 25% per year for 15 years unless given a waiver by the governing authority."

Section 71. Section 89-3403, R.C.M. 1947, is amended to read as follows:

"89-3403. Definitions. As used in this act, unless the context clearly indicates otherwise:

(1) "*district*" means a conservancy district, which is a public corporation and a political subdivision of the state;

(2) "*directors*" means the board of directors of a conservancy district;

(3) "*elector*" means a person qualified to vote under 89-3423;

(4) "*court*" means the district court of the judicial district in which the largest portion of the taxable valuation of real property of the proposed district is located and within the county in which the largest portion of the taxable valuation of real property of the proposed district is located within the judicial district;

(5) "*person*" means a natural person; firm; partnership; *cooperative*; association; public or private corporation, including the state of Montana or the United States; foundation; state agency or institution; county; municipality; district or other political subdivision of the state; federal agency or bureau; or any other legal entity;

(6) "*department*" means the department of natural resources and conservation provided for in Title 82A, chapter 15;

(7) "*board* of supervisors" means the board of supervisors of the soil and water conservation district in which the largest portion of the taxable valuation of real property of the proposed district is located;

(8) "*works*" means all property, rights, easements, franchises, and other facilities including but not limited to land, reservoirs, dams, canals, dikes, ditches, pumping units, mains, pipelines, waterworks systems, recreational facilities, facilities for fish and wildlife, and facilities to control and correct pollution;

(9) "*cost* of works" means the cost of construction, acquisition, improvement, extension, and development of works, including financing charges, interest, and professional services;

(10) "*applicants*" means any person residing within the boundaries of the proposed district making a request for a study of the feasibility of forming a conservancy district;

(11) "*notice*" means publication at least once each week for 3 consecutive weeks in a newspaper published in each county or, if no newspaper is published in a county, a newspaper of general circulation in the county or counties in which a district is or will be located. The last published notice shall appear not less than 5 days prior to any hearing or election held under this act;

(12) "*owners*" are the person or persons who appear as owners of record of the legal title to real property according to the county records whether such title is held beneficially or in a fiduciary capacity, except that a person holding a title for purposes of security is not an owner nor *may* he affect the previous title for purposes of this act;

(13) "*taxable* valuation" *is* the *value as defined in 84-401* and does not mean assessed valuation."

Section 72. There is a new R.C.M. section numbered 84-309 that reads as follows:

84-309. Reappraised real property — limitation on increased appraisals — table of taxable percentages. (1) The director of revenue shall certify to the governor, before June 30, 1978, the percentage by which the market value of all property in the state classified under sections 84-301.12, 84-301.16(1)(b), and 84-301.19(1)(a) as of January 1, 1977 has increased due to the revaluation conducted under 84-429.14. This figure is the "certified statewide percentage increase".

(2) The taxable value of property in these three classes is determined as a function of the certified statewide percentage increase in accordance with the following table:

Certified statewide percentage increase	84-301.12	84-301.16 (1) (b)	84-301.19 (1) (a)
0			
1%	11.89	one-half	7/30
2%	11.79	of the	of the
3%	11.69	equiva-	equiva-
4%	11.58	lent	lent
5%	11.49	taxable	taxable
6%	11.39	percent-	percent-
7%	11.29	age under	age under
8%	11.20	84-301.12	84-301.12
9%	11.11		
10%	11.02		
11%	10.93		
12%	10.84		
13%	10.76		
14%	10.67		
15%	10.59		
16%	10.51		
17%	10.43		
18%	10.35		
19%	10.28		
20%	10.20		
21%	10.13		
22%	10.05		
23%	9.98		
24%	9.91		
25%	9.84		
26%	9.77		
27%	9.70		
28%	9.64		
29%	9.57		
30%	9.51		
31%	9.44		
32%	9.38		
33%	9.32		
34%	9.26		
35%	9.20		
36%	9.14		
37%	9.08		
38%	9.03		
39%	8.97		
40%	8.91		
41%	8.86		
42%	8.81		
43%	8.75		
44%	8.70		
45%	8.65		
46%	8.60		
47%	8.55		
48%	8.50		

49%	8.45
50%	8.40

Section 73. There is a new R.C.M. section numbered 84-310 that reads as follows:

84-310. Temporary authority to exceed mill levy limitations in certain cases. Taxing jurisdictions may adopt and levy for a budget equal to 105% of the preceding year's budget, statutory mill levy limitations notwithstanding, unless the taxable valuation therein has increased to a level which would allow statutory mill levies to produce a budget equal to 105% of the preceding year's budget.

Section 74. **Repealer.** Sections 69-3923, 84-301, and 84-302, R.C.M. 1947, are repealed. However, amendments to 84-301 or 84-302, R.C.M. 1947, enacted by this legislative session shall be incorporated into the equivalent sections enacted in this act as directed by such other amendatory acts.

Approved May 13, 1977.

CHAPTER NO. 567

AN ACT REVISING THE OPEN MEETINGS LAW; ALLOWING CLOSED MEETINGS FOR DISCUSSIONS OF COLLECTIVE BARGAINING OR LITIGATION; DEFINING APPROPRIATE MINUTES AND MEETINGS; PERMITTING TAPE RECORDINGS OF OPEN MEETINGS; PROVIDING FOR VOIDABILITY; AMENDING SECTIONS 82-3402 AND 82-3403, R.C.M. 1947.

Be it enacted by the Legislature of the State of Montana:

Section 1. Section 82-3402, R.C.M. 1947, is amended to read as follows:

"**82-3402. Meetings of public agencies to be open to public — exceptions.** All meetings of public or governmental bodies, boards, bureaus, commissions, or agencies of the state or any political subdivision of the state or *organizations* or agencies supported in whole or in part by public funds or expending public funds shall be open to the public. Provided, however, the presiding officer of any meeting may close the meeting during the time *the discussion relates to a matter of individual privacy, and then* if, and only if, the presiding officer determines that the demands of individual privacy clearly exceed the merits of public disclosure. *The right of individual privacy may be waived by the individual about whom the discussion pertains and, in that event, the meeting shall be open. However, a meeting may be closed to discuss a strategy to be followed with respect to collective bargaining or litigation when an open meeting would have a detrimental effect on the bargaining or litigating position of the public agency.*"

Section 2. There is a new R.C.M. section numbered 82-3404 that reads as follows: